



**ENBRIDGE INCOME FUND**

**ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED DECEMBER 31, 2015**

February 19, 2016

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## DOCUMENTS INCORPORATED BY REFERENCE

As of the date hereof, portions of the Fund MD&A, the audited financial statements of the Fund as at and for the year ended December 31, 2015, the EIPLP MD&A and the audited consolidated financial statements of EIPLP as at and for the year ended December 31, 2015, as filed with the securities commissions or similar authorities in each of the provinces of Canada, as detailed below, are specifically incorporated by reference into and form an integral part of this AIF. These documents are available on SEDAR which can be accessed at [www.sedar.com](http://www.sedar.com).

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## GLOSSARY

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

**"2014 Transaction"** means the transaction completed on November 7, 2014 whereby indirect wholly-owned Subsidiaries of the Fund acquired a 50% interest in the U.S. segment of the Alliance Pipeline from indirect wholly-owned Subsidiaries of Enbridge and subscribed for Class A units of certain Enbridge Subsidiaries which provide the holders with a defined cash flow stream from the Southern Lights Pipeline;

**"2015 Transaction"** means the transaction completed on September 1, 2015 whereby EIPLP acquired 100% interests from Enbridge and IPL System in the Canadian segment of the Mainline System, the Regional Oil Sands System and interests in four wind farms situated in Alberta and Quebec together with other assets, for aggregate consideration of \$30.4 billion plus incentive distribution and performance rights, less working capital adjustments;

**"ACE"** means Alliance Chicago Exchange, a market hub located at the terminus of the Alliance US system near Chicago;

**"ACFFO"** means available cash flow from operations;

**"adjusted earnings/(loss)"** means earnings or loss attributable to holders of Fund Units adjusted for unusual, non-recurring or non-operating factors;

**"Administration Agreement"** means the amended and restated administrative services agreement dated September 1, 2015, as further amended from time to time, among the Manager, the Fund Trustee, the Fund and ECT pursuant to which the Manager provides administrative services to the Fund;

**"Affiliate"** or **"Associate"** has the meaning ascribed thereto in the *Securities Act* (Alberta), as amended from time to time;

**"AIF"** means this annual information form for the Fund dated February 19, 2016 for the year ended December 31, 2015;

**"Alliance"** means Alliance Canada, which owns the Canadian segment of the Alliance Pipeline, or Alliance US, which owns the U.S. segment of the Alliance Pipeline, or both, as the context requires;

**"Alliance Canada"** means Alliance Pipeline Limited Partnership, a limited partnership established under the laws of Alberta;

**"Alliance Pipeline"** means the Alliance Pipeline system consisting of an approximately 3,850 km integrated, high-pressure, natural gas transmission pipeline system extending from near Gordondale, Alberta to delivery points near Chicago, Illinois, including approximately 730 km of lateral pipelines located in supply areas in the northwestern Alberta and northeastern British Columbia, portions of the WCSB, a 129 km lateral pipeline in the Bakken supply area of North Dakota, and related infrastructure;

**"Alliance US"** means Alliance Pipeline L.P., a limited partnership established under the laws of Delaware;

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

**"AFR Committee"** means the Audit, Finance & Risk committee of the ECT Board;

“**ATP**” means the notional trading point where receipt and delivery Shippers can trade gas, as part of the NSF, and is referred to as the Alliance Trading Pool;

“**Bakken**” means the Bakken shale formation which includes much of the Williston Basin and is primarily located in Montana, North Dakota, Saskatchewan and Manitoba;

“**Bakken Expansion**” means the Canadian segment of a pipeline expansion which was jointly constructed by the Fund and EEP to bring into service additional pipeline capacity to accommodate production from the Bakken and Three Forks formations;

“**Blackspring Ridge GP**” means Enbridge Blackspring Ridge I Wind Project GP Inc., the general partner of Enbridge Blackspring Ridge I Wind Project Limited Partnership, which has a 50% co-ownership interest in the Blackspring Ridge Wind Farm, and a wholly-owned Subsidiary of EIPLP;

“**Canadian Mainline**” means the Canadian portion of the Mainline System which transports various grades of oil and other liquid hydrocarbons within western Canada and from western Canada to eastern Canada and the U.S., which is comprised of, among other things: (i) six adjacent pipelines that connect at the Canada/U.S. border near Gretna, Manitoba and Neche, North Dakota with the Lakehead System, (ii) four crude oil pipelines and one refined products pipeline located in eastern Canada, and (iii) related pipelines and infrastructure, including deactivated and decommissioned pipelines;

“**Credit Facility**” means the Fund’s unsecured revolving credit facility in the amount of \$1.5 billion for a three year extendable term maturing on June 28, 2018 which bears interest at a floating rate based on Canadian bankers’ acceptance rates or prime rate plus an applicable margin to those rates and which, on an annual basis, the Fund may request a one year extension of the applicable maturity date;

“**DBRS**” means DBRS Limited;

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

“**EBIT**” means adjusted earnings before interest and taxes;

“**Economic Interest**” means the aggregate interest of Enbridge and its Affiliates in the Fund Group, determined with reference to their holdings of Fund Units, ECT Preferred Units, ECT Class B Units, EIPLP Class C Units, EIPLP Class D units and EIFH Shares;

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

“**ECT Board**” means the Board of Trustees of ECT;

“**ECT Class B Units**” means the units of ECT designated as “Class B Units” pursuant to the ECT Trust Indenture, and which are issuable in series;

“**ECT Note Indenture**” means the note indenture dated June 30, 2003 between ECT and CIBC Mellon Trust Company, as trustee, relating to the issuance of the ECT Notes, as amended from time to time;

“**ECT Notes**” means the unsecured promissory notes issued by ECT from time to time in accordance with the ECT Note Indenture as Series 1, Series 2 and Series 3;

**“ECT Preferred Units”** means the units of ECT designated as "Preferred Units" pursuant to the ECT Trust Indenture, and which are issuable in series;

**“ECT Trust Indenture”** means the trust indenture pursuant entered into as of December 20, 2002 pursuant to which ECT was established, as amended and supplemented from time to time and which was last amended and restated on September 1, 2015;

**“ECT Trustees”** means the trustees of ECT from time to time;

**“ECT Unitholder”** means a holder, from time to time, of an ECT Unit and/or an ECT Preferred Unit, as the context requires;

**“ECT Units”** means the units of ECT designated as "Common Units" pursuant to the ECT Trust Indenture;

**“EEP”** means Enbridge Energy Partners, L.P., a New York Stock Exchange listed Delaware limited partnership in which Enbridge owns, directly and indirectly, approximately 35.7%;

**“EIFH”** means Enbridge Income Fund Holdings Inc., a corporation incorporated under the laws of Alberta in which Enbridge owns a 19.9% ownership interest;

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

**“EIPGP”** means Enbridge Income Partners GP Inc., a corporation incorporated under the laws of Canada, which is the current general partner of EIPLP, and of which Enbridge owns 51% and ECT owns 49%;

**“EIPHI”** means Enbridge Income Partners Holdings Inc., a corporation incorporated under the laws of Saskatchewan and a wholly-owned Subsidiary of EIPLP;

**“EIPLP”** means Enbridge Income Partners LP, a limited partnership established under the laws of Alberta;

**“EIPLP Class C Units”** means the limited partnership units in the capital of EIPLP designated as “Class C Units” pursuant to the EIPLP Limited Partnership Agreement;

**“EIPLP Limited Partnership Agreement”** means the limited partnership agreement among EIPGP, as general partner, and the limited partners of EIPLP, as amended and restated from time to time and which was last amended and restated on September 1, 2015;

**“EIPLP MD&A”** means the management’s discussion and analysis of EIPLP dated February 19, 2016 for the year ended December 31, 2015;

**“Elected Trustee”** means an ECT Trustee who is not appointed by Enbridge or an employee, officer or director of Enbridge;

**“Enbridge”** means Enbridge Inc., a corporation continued under the laws of Canada, the common shares of which trade on the TSX in Canada and on the NYSE in the U.S. under the trading symbol "ENB";

**“Enbridge Parties”** means Enbridge and its Affiliates;

**“EPAI”** means Enbridge Pipelines (Athabasca) Inc., a corporation incorporated under the laws of Alberta and a direct wholly-owned subsidiary of EIPLP;

**“EPI”** means Enbridge Pipelines Inc., a corporation incorporated under the laws of Canada and a direct wholly-owned Subsidiary of EIPLP;

**“Exchange Right”** means the right of a holder of Exchangeable Securities to exchange such Exchangeable Securities pursuant to their terms, into EIFH Shares or other Exchangeable Securities as applicable, on a one-for-one basis, subject to adjustment in respect of anti-dilution and economic equivalence;

**“Exchange Right Support Agreement”** means the exchange right support agreement dated as of September 1, 2015 among Enbridge, IPL System, EIFH, the Fund, ECT, EIPLP, EIPGP and the Manager which provides for the procedure for the exchange of the Exchangeable Securities into Common Shares, Fund Units, ECT Preferred Units or ECT Class B Units, as the case may be;

**“Feeder Pipelines and Other”** means the South Prairie Region and related terminals and tankage facilities in Saskatchewan and the Hardisty Contract Terminal and Hardisty Storage Caverns located in Hardisty, Alberta;

**“FERC”** means the Federal Energy Regulatory Commission of the U.S. or any successor or analogous U.S. federal governmental authority;

**“Fund”** means Enbridge Income Fund, an unincorporated open-ended trust established under the laws of Alberta and, as the context requires, includes the Fund Group;

**“Fund Delegation Agreement”** means the fund delegation agreement which was last amended and restated on September 1, 2015 among the Fund, the Fund Trustee and ECT pursuant to which the Fund Trustee delegated certain of its powers and duties to ECT, as further amended from time to time;

**“Fund Group”** means the Fund, ECT, EIPLP and Subsidiaries of EIPLP;

**“Fund MD&A”** means the management’s discussion and analysis of the Fund dated February 19, 2016 for the year ended December 31, 2015;

**“Fund Trust Indenture”** means the trust indenture dated May 22, 2003 pursuant to which the Fund was established, as amended and supplemented from time to time and which was last amended and restated on September 1, 2015;

**“Fund Trustee”** means the trustee of the Fund, which currently is CST Trust Company;

**“Fund Units”** mean units of the Fund designated as “Ordinary Units” pursuant to the Fund Trust Indenture;

**“Funding Support Agreement”** means the funding support agreement among Enbridge, EIFH, the Fund, ECT and EIPLP dated September 1, 2015 which provides for the manner in which Enbridge and EIFH will make further equity investments in support of the growth capital construction projects relating to the Liquids Pipelines acquired by EIPLP in connection with the 2015 Transaction;

**“Gas Pipelines”** includes the Fund’s 50% interest in the Alliance Pipeline;

**“Green Power”** means the Fund’s interests in the Sarnia Solar Farm, the Amherstburg Solar Farm, the Tilbury Solar Farm, the Talbot Wind Farm, the Greenwich Wind Farm, Ontario Wind Farm, the Massif du Sud Wind Farm, the Lac Alfred Wind Farm, SunBridge Wind Farm, Blackspring Ridge Wind Farm, the Saint Robert Bellarmin Wind Farm, the Magrath Wind Farm, the Chin Chute Wind Farm and in NRGreen;

**“Hardisty Contract Terminal”** means the above ground crude oil storage facility comprised of 18 crude oil tanks and one condensate tank located in Hardisty, Alberta;

**“Hardisty Storage Caverns”** means the salt cavern crude oil storage facility comprised of two above-ground tanks and four salt caverns located in Hardisty, Alberta;

**“IESO”** means the Independent Electricity System Operator of Ontario, established under the *Electricity Act, 1998* (Ontario), or its successor;

**“IFRS”** means International Financial Reporting Standards;

**“Independent ECT Trustee”** means a trustee of ECT who is “independent” in respect of the Manager and any Affiliate of the Manager (as the term “independence” is used in NI 58-101, with necessary changes to fit the context);

**“Intercorporate Services Agreement”** means the master intercorporate services agreement dated August 31, 2015, among Enbridge, the Manager and certain other Affiliates of Enbridge, Fund Group entities and related parties, as the same may be amended, restated or modified from time to time, including the statements for services thereunder as entered into from time to time with any Fund Group entity;

**“IPL System”** means IPL System Inc., a corporation incorporated under the laws of Alberta and a wholly-owned Subsidiary of Enbridge;

**“Lac Alfred GP”** means Enbridge Lac Alfred Wind Project GP Inc., the general partner of Enbridge Lac Alfred Wind Project Limited Partnership, which has a 67.5% co-ownership interest in the Lac Alfred Wind Farm, and a wholly-owned Subsidiary of EIPLP;

**“Lakehead System”** means the Lakehead Pipeline System, which is the United States portion of the Mainline System, which transports, gathers, processes and markets natural gas and NGL;

**“Mainline System”** means, collectively, the Canadian Mainline and the Lakehead System;

**“Liquids Pipelines”** means the Canadian Mainline, the Regional Oil Sands system, the Southern Lights Pipeline and the Feeder Pipelines and Other;

**“Management Agreement”** means the management agreement which was last amended and restated on September 1, 2015, between the Manager and ECT pursuant to which the Manager provides management services to ECT, as further amended from time to time;

**“Manager”** means Enbridge Management Services Inc., a corporation incorporated under the laws of Canada and a wholly-owned Subsidiary of Enbridge;

**“Massif du Sud GP”** means Enbridge Massif du Sud Wind Project GP Inc., a corporation incorporated under the laws of Canada and wholly-owned Subsidiary of EIPLP, which is the general partner of Enbridge Massif du Sud Wind Project Limited Partnership, which has an 80% co-ownership interest in the Massif du Sud Wind Farm;

**“Material Related Party Agreement”** means, as defined in the ECT Trust Indenture, a material agreement entered into or to be entered into by the Fund, ECT or any of its direct or indirect Subsidiaries to which Enbridge, an Enbridge Trustee, the Manager or any Affiliate thereof will be a party, which, for greater certainty, will consist only of a related party agreement that requires approval of the ECT Trustees.

**“MTNs”** means the unsecured term notes issued from time to time by the Fund pursuant to a prospectus, with maturity dates not less than one year from the date of issue at prices and on terms determined at the time of issue;

**“MTN Indenture”** means the trust indenture among the Fund and Computershare Trust Company of Canada, which was supplemented by a First Supplemental Indenture dated December 21, 2011, to facilitate the issuance by the Fund of debentures, notes or other evidences of indebtedness, including, without limitation, MTNs;

**“Moody’s”** means Moody’s Investor Service, Inc.;

**“NASDAQ”** means the National Association of Securities Dealer Automated Quotations System;

**“NEB”** means the National Energy Board of Canada;

**“NGL”** means natural gas liquids which are comprised of ethane, propane, normal butane, isobutane and pentanes plus, or any of them, or any mixture of any of them, and includes any substances that may be incidentally recovered therewith on extraction from natural gas;

**“NI 52-110”** means National Instrument 52-110 - *Audit Committees*, as amended or replaced;

“**NI 58-101**” means National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, as amended or replaced;

“**NP 58-201**” means National Policy 58-201 - *Corporate Governance Guidelines*, as amended or replaced;

“**NRGreen**” means NRGreen Power Limited Partnership, a limited partnership established under the laws of Alberta;

“**NSO**” means Alliance Pipelines’ New Services Offering that became effective December 1, 2015 and the related tolls and tariff provisions required to implement the new services;

“**NYSE**” means the New York Stock Exchange;

“**Ordinary Resolution**” means a resolution passed by more than 50% of the votes cast, either in person or by proxy, at a duly constituted meeting of Unitholders or ECT Unitholders, as applicable, called (at least in part) for the purpose of approving such resolution, or a resolution approved in writing by holders of more than 50% of the votes entitled to be voted on such resolution;

“**Permitted Activities**” has the meaning ascribed under the heading “*Conflicts of Interest - Corporate Opportunities*” of this AIF;

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

“**PHMSA**” means the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration;

“**PPA**” means a physical or financial electrical power purchase agreement which provides for the supply and purchase of electric power;

“**Regional Oil Sands System**” means the pipeline system comprised of: (i) three long haul pipelines; (ii) two large terminals located north and south of Fort McMurray, Alberta; (iii) feeder pipelines which provide access for oil sands production from near Fort McMurray to EPAI’s Cheecham Terminal, and (iii) related laterals and other infrastructure which transport crude oil and other liquid hydrocarbons from production sites in the WCSB to connection points in central Alberta and to the Canadian Mainline and other longhaul systems;

“**Saint Robert GP**” means Enbridge Saint Robert Bellarmin Wind Project GP Inc. a corporation incorporated under the laws of Canada and a wholly-owned Subsidiary of EIPLP, which is the general partner of Saint Robert LP, which has an undivided 50% co-ownership interest in the Saint Robert Bellarmin Wind Farm;

“**SaskPower**” means the Saskatchewan Power Corporation;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval;

“**Shippers**” means the oil and natural gas exploration, production, pipeline, aggregator, local distribution and marketing companies that have contracted for natural gas transportation service or crude oil or other liquid hydrocarbon transportation service;

“**SL Canada**” means Enbridge Southern Lights LP, the limited partnership formed under the laws of Alberta which owns the Canadian portion of the Southern Lights Pipeline and is an indirect wholly-owned Subsidiary of EIPLP;

“**SL US**” means Southern Lights Holdings, L.L.C., a limited liability company incorporated under the laws of Delaware which owns all of the limited liability company interests of Enbridge Pipelines (Southern Lights) L.L.C.;



**“Southern Lights GP”** means Enbridge Southern Lights GP Inc., a wholly-owned Subsidiary of EIPLP;

**“Southern Lights Pipeline”** means the single stream pipeline that ships diluent from the Manhattan Terminal near Chicago, Illinois to three western Canadian delivery facilities located at the Edmonton and Hardisty Contract Terminal in Alberta and at the Kerrobert terminal in Saskatchewan;

**“South Prairie Region”** means the crude oil and liquids pipeline system, comprised of five principal assets: the Saskatchewan Gathering System, the Westspur System, the Weyburn System, the Virden System and the Bakken Expansion, which collectively comprise approximately 545 km of trunk line, approximately 1,700 km of gathering system pipeline and related terminals and storage facilities;

**“Special Interest Rights”** means the rights granted by EIPLP to Enbridge and IPL System pursuant to the 2015 Transaction, the rights, privileges, restrictions and conditions of which are set forth in the EIPLP Limited Partnership Agreement;

**“Special Resolution”** means a resolution passed by more than 66 2/3% of the votes cast, either in person or by proxy, at a duly constituted meeting of Unitholders or ECT Unitholders, as applicable, called (at least in part) for the purpose of approving such resolution, or a resolution approved in writing by holders of more than 66 2/3% of the votes entitled to be voted on such resolution;

**“Subsidiary”** has the meaning ascribed to such term in the *Securities Act (Alberta)*, with such modifications as necessary so that the definition also applies to entities that are not a corporation and for greater certainty, includes any general partnership, limited partnership, joint venture, trust, limited liability company, unlimited liability company or other entity, whether or not having legal status, that would constitute a Subsidiary if such entity were a corporation;

**“TSAs”** means transportation service agreements or transportation agreements with Shippers, and **“TSA”** means any such agreement with an individual Shipper;

**“TSX”** means the Toronto Stock Exchange;

**“Unitholder”** means a holder of a Fund Unit;

**“Unitholders Agreement”** means the unitholders agreement which was amended and restated on September 1, 2015 among the Fund, EIFH, the Manager and Enbridge;

**“United States”, “U.S.” or “U.S.A”** means the United States of America;

**“US GAAP”** means accounting principles generally accepted in the U.S., as in effect from time to time, the accounting principles used by the Fund Group;

**“Virden System”** means the NGL system that is owned by Enbridge Pipelines (Virden) Inc., a corporation incorporated under the laws of Saskatchewan;

**“WCSB”** means the Western Canada Sedimentary Basin; and

**“Year End”** means December 31, 2015.

## UNITS OF MEASURE

bcf	Billion cubic feet
bpd	Barrels per day
mmcf	Million cubic feet
mmcf/d	Million cubic feet per day
MW	Megawatt

## METRIC CONVERSIONS

<u>Metric</u>	<u>Imperial</u>	<u>Factor</u>
Cubic metre kilometre	Barrel mile	3.910
Cubic metre of liquid hydrocarbons	Barrel of liquid hydrocarbons	6.290
Cubic metre of natural gas	Cubic feet of natural gas	35.494
Kilometre	Mile	0.621

## PRESENTATION OF INFORMATION

Unless otherwise noted, the information contained in this AIF is given at or for the year ended December 31, 2015. Amounts are expressed in Canadian dollars unless otherwise indicated. Financial information for the Fund is presented in accordance with US GAAP.

The annual capacities noted throughout this AIF take into account estimated crude receipt and delivery patterns and ongoing pipeline maintenance and reflect achievable pipeline capacity over long periods of time.

## NON-GAAP MEASURES

This AIF contains references to adjusted earnings, EIPLP adjusted EBIT and EIPLP ACFFO. Adjusted earnings represents 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 or EIPLP. EIPLP adjusted EBIT represents EIPLP's EBIT, respectively, adjusted for unusual, non-recurring or non-operating factors on a consolidated basis.

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 US GAAP and are not considered US GAAP measures. Therefore, these measures may not be comparable with similar measures presented by other issuers.

For additional information, please refer to the Fund MD&A.

## 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 EBIT or expected 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, 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 AIF 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 AIF or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements, whether written*

or oral, attributable to the Fund Group or persons acting on Fund Group's behalf, are expressly qualified in their entirety by these cautionary statements.

## CORPORATE STRUCTURE

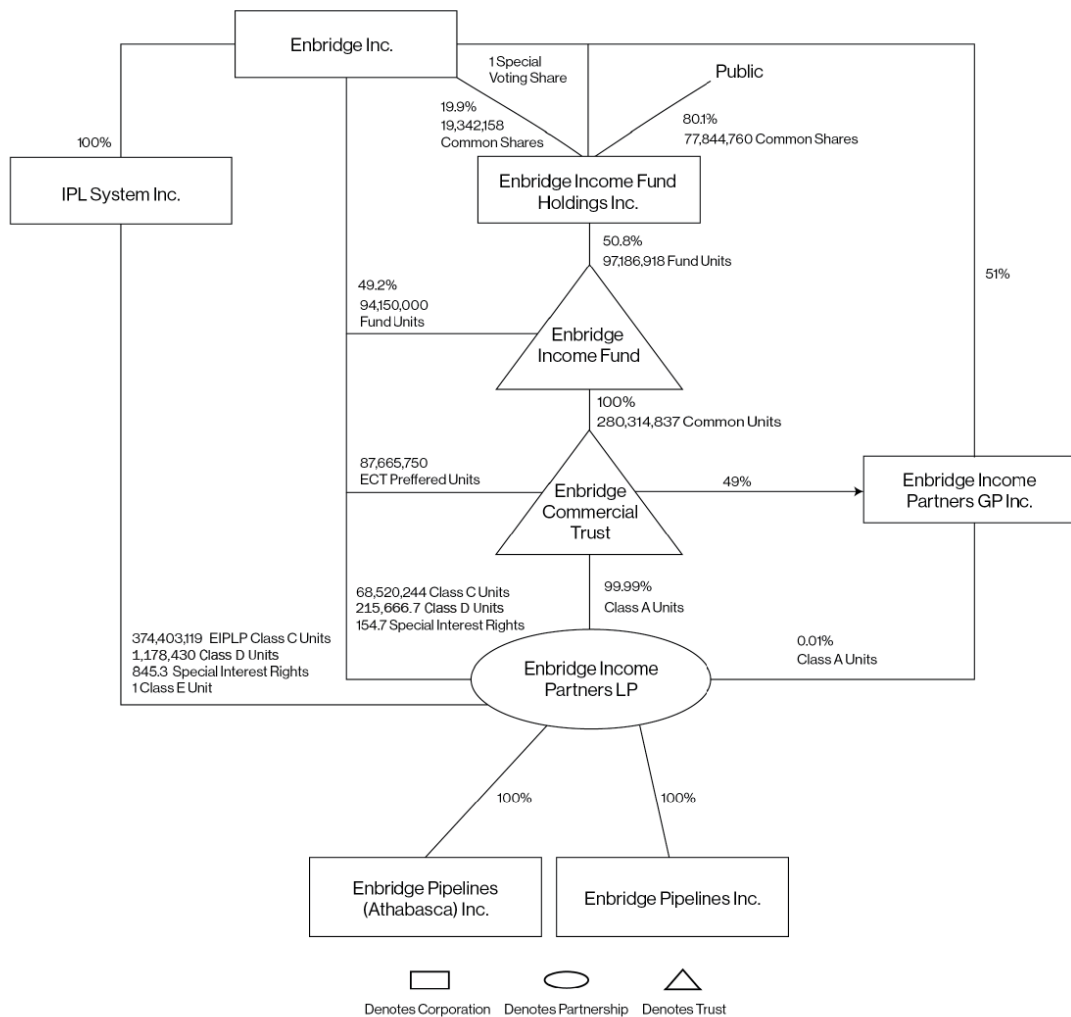
### STRUCTURE OF THE FUND

Enbridge Income Fund is an unincorporated open-ended trust established under the laws of the Province of Alberta on May 22, 2003 by the Fund Trust Indenture. ECT is an unincorporated trust established under the laws of Alberta on December 20, 2002 pursuant to the ECT Trust Indenture for the purpose of holding and administering the Fund assets, and is a Subsidiary of the Fund. The Fund commenced operations on June 30, 2003 and is administered by the Manager, a wholly-owned Subsidiary of Enbridge. The Manager also provides management services to the Fund Group and EIFH. The head office and registered office of the Fund is located at 200, 425 - 1st Street SW, Calgary, Alberta T2P 3L8. Significant dates and events are set forth below.

Date	Event
December 20, 2002	ECT is established under the laws of Alberta on December 20, 2002 pursuant to the ECT Trust Indenture.
May 22, 2003	The Fund is established under the laws of the Province of Alberta on May 22, 2003 by the Fund Trust Indenture.
June 30, 2003	The Fund commences operations.
2006	Fund Trust Indenture and ECT Trust Indenture amended to expand the scope of the Fund and ECT's respective permitted business activities from a pipeline and energy transportation business to an energy infrastructure business and related activities.
December 17, 2010	Fund Trust Indenture and ECT Trust Indenture amended in connection with the Arrangement.
October 21, 2011	ECT Trust Indenture amended to increase the number of ECT Trustees to be elected and the number of ECT Trustees that may be appointed by Enbridge dependent on its holdings of Fund Units.
May 7, 2012	ECT Trust Indenture amended to enable the appointment of additional Independent ECT Trustees with Enbridge's consent.
May 6, 2013	ECT Trust Indenture amended to enable Enbridge to appoint three ECT Trustees in certain circumstances, provided there is a majority of Independent ECT Trustees.
November 13, 2014	ECT Trust Indenture amended to extend the maturity date of the ECT Preferred Units, Series 1, 2, 3 and 4 to June 30, 2050.
September 1, 2015	Fund Trust Indenture, ECT Trust Indenture and EIPLP Limited Partnership Agreement amended in connection with the 2015 Transaction, primarily in respect of governance rights and Exchange Rights.

### INTERCORPORATE RELATIONSHIPS

The following organization chart illustrates the structural relationships among the Fund, ECT, the Manager, Enbridge, EIFH and Fund Group entities. The chart does not include all of the subsidiaries of the Fund. The assets and revenues of excluded Subsidiaries did not, individually exceed 10%, and in the aggregate exceed 20%, of the total consolidated assets or total consolidated revenues of the Fund as at Year End.



Enbridge's total economic interest in the Fund Group was 89.2% at Year End, 2015 based on its ownership of Fund Units, ECT Preferred Units, EIFH Shares, EIPLP Class C Units and other EIPLP securities.

## GENERAL DESCRIPTION OF THE BUSINESS

The Fund's objective are to provide a predictable flow of distributable cash and to increase, where prudent, cash distributions per Fund Unit or EIPLP Class C Unit, through investment in and ongoing management of low risk energy infrastructure assets. Such objectives and strategies are also aligned to support the corporate vision and strategies of the Fund Group's sponsor, Enbridge. In order to achieve these objectives, the Manager pursues the following principal strategies which entail:

- commitment to safety and operational reliability;
- strengthening of core businesses;
- focus on project management; and
- preservation of financing strength and flexibility.

For additional information, please refer to the Fund MD&A and the EIPLP MD&A.

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 the 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.

EIPLP's activities are carried out through three business segments:

- Liquids Pipelines;
- Gas Pipelines; and
- Green Power.

For additional information, please refer to the Fund MD&A, the EIPLP MD&A and see "Liquids Pipelines," "Gas Pipelines" and "Green Power" of this AIF.

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. Revenues and earnings by EIPLP operating segment in the financial years ended December 31, 2015, 2014 and 2013 are summarized in the table below. For additional information, please refer to the EIPLP MD&A.

Operating Segment	2015 (in millions \$)			2014 (in millions \$)			2013 (in millions \$)		
	Revenues	Earnings/(loss) <sup>1</sup>	Adjusted Earnings <sup>2</sup>	Revenues	Earnings/(loss) <sup>1</sup>	Adjusted Earnings <sup>2</sup>	Revenues	Earnings/(loss) <sup>1</sup>	Adjusted Earnings <sup>2</sup>
Liquids Pipelines	1,552	(1)	640	1,910	575	81	1,987	647	73
Gas Pipelines	-	144	151	-	132	74	-	117	57
Green Power	322	154	112	276	127	93	233	33	93

**Notes:**

1. Earnings, cash flow data, total revenues, total assets and total long-term liabilities have been retrospectively adjusted to reflect the 2015 Transaction and the 2014 Transaction in information prior to the respective effective dates of the transactions as prescribed by US GAAP for common control transactions.
2. Adjusted EBIT and adjusted earnings are non-GAAP measures that do not have any standardized meaning prescribed by generally accepted accounting principles. See "Non-GAAP Measures" of this AIF.

## GENERAL DEVELOPMENT OF THE BUSINESS

The Fund experienced significant growth in the last three completed financial years through additions to its Liquids Pipelines, Gas Pipelines and Green Power assets with the completion of the 2014 Transaction and 2015 Transaction.

The Bakken Expansion, completed in 2013 Q1, was undertaken with EEP to expand crude oil pipeline capacity by 145,000 bpd to accommodate growing production from the Bakken and Three Forks formations located in North Dakota. The project involved the reversal and expansion of an existing pipeline running from Berthold, North Dakota to Steelman, Saskatchewan and construction of a new 16-inch pipeline from a new pump station near Steelman to the Enbridge terminal near Cromer, Manitoba.

In April 2013, the Fund Group concluded a settlement with a group of Shippers relating to new tolls on the Westspur System. A modified agreement was subsequently entered into with substantially all of the Shippers and the NEB made the historical and new tolls final on February 6, 2014. The new tolls are fixed and increase annually with reference to a pre-identified inflation index, subject to throughput remaining within a specified volume bandwidth toll surcharges or discounts applied should throughput decrease or increase, respectively on a sustained basis outside the pre-defined band. Tolls will be increased should integrity or regulatory costs exceed defined thresholds or if new capital projects are undertaken.

The 2014 Transaction was completed on November 7, 2014 at an aggregate price of \$1.8 billion, resulting in: (a) the acquisition by indirect wholly-owned subsidiaries of the Fund of a 50% interest in the U.S. segment of the Alliance Pipeline such that the Fund would come to own 50% of the entire Alliance

Pipeline, with Veresen Inc. owning the remaining 50%; and (b) the subscription and purchase of Class A units in Enbridge SL Holdings LP and SL US which entitle the holders to receive purchase defined cash flow streams from the Canadian and U.S. segments of the Southern Lights Pipeline. The purchase price was funded by the issuance of 13,860,000 Fund Units to EIFH at a price of \$30.35 per Fund Unit, the issuance by ECT of 15,200,000 ECT Preferred Units, Series 5 to Enbridge at a price of \$30.35 per unit and an \$878,029,000 loan by Enbridge to the Fund. The loan was repaid in full with proceeds from the issuance of an aggregate of \$1.1 billion of MTNs by the Fund pursuant to a base shelf prospectus dated November 4, 2014 and pricing supplements dated November 14, 2014. The remaining proceeds from the issuance of the MTNs were used to refinance \$200 million of MTNs which matured on November 28, 2014 and to reduce the Credit Facility. For additional information, please refer to the Fund MD&A and the EIPLP MD&A.

The 2015 Transaction was completed on September 1, 2015, whereby EIPLP acquired from Enbridge and IPL System the Canadian Mainline; the Regional Oil Sands System; interests in the Blackspring Ridge Wind Farm, the Massif du Sud Wind Farm, the Lac Alfred Wind Farm and the Saint Robert Bellarmin Wind Farm; the Canadian segment of the Southern Lights Pipeline; and certain rights relating to the Hardisty Contract Terminal and the Hardisty Storage Caverns, through the acquisition of 100% interests in EPI, EPAI, Enbridge Hardisty Storage Inc., Southern Lights GP, Blackspring Ridge GP, Lac Alfred GP, Enbridge Massif du Sud GP and Saint Robert GP for aggregate consideration of \$30.4 billion plus incentive distribution and performance rights, subject to working capital adjustments. The consideration was partially satisfied by the issuance by the Fund to Enbridge of 84,650,000 Fund Units at a price of \$35.44 per unit, the issuance by EIPLP to IPL System of 374,403,119 EIPLP Class C Units, one Class E unit and 845.3 Special Interest Rights and to Enbridge of 68,520,244 EIPLP Class C Units and 154.7 Special Interest Rights. The EIPLP Class C Units were issued at a price of \$35.44 per unit.

Following completion of the 2015 Transaction on September 1, 2015, Enbridge acquired a controlling interest in EIPLP of approximately 57.2%, reducing ECT's ownership to approximately 42.8%. Additionally, as a result of the 2015 Transaction, Enbridge now holds a 51% direct interest in EIPGP. The ECT Trust Indenture was amended to provide that a majority of the Board of Trustees of ECT will be appointed by Enbridge for so long as it holds more than 50% Economic Interest in the Fund Group. See "*Description of ECT – Fund Trustees/Governance*" of this AIF. 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 2015 Transaction was a significant acquisition for the Fund, for which a Business Acquisition Report in the form of Form 51-102F4 dated September 25, 2015 was filed on SEDAR at [www.sedar.com](http://www.sedar.com). For additional information, please refer to the Fund MD&A and the EIPLP MD&A.

On November 6, 2015 the Fund issued 26,810,000 Fund Units to EIFH at a price of \$32.60 per unit for gross proceeds of \$874 million, which were used to subscribe for 26,810,000 ECT Units at a price of \$32.60 per unit. ECT in turn used the proceeds to subscribe for approximately 26,808,686 EIPLP Class A units and 42,826 common shares of EIPGP. EIPLP in turn used the proceeds to acquire common shares in EPI and EPAI, which used the proceeds to partially fund their secured capital growth programs. Following these issuances, EIFH owned 50.8% of the Fund Units and Enbridge owned the remaining 49.2% of the Fund Units.

Alliance Pipeline successfully re-contracted its annual firm service capacity with an average contract length of approximately five years, commencing December 1, 2015. Alliance Pipeline received regulatory approval from the FERC on June 30, 2015, and the NEB on July 9, 2015, for the United States and Canadian segments of the Alliance Pipeline, respectively, for the NSF with minor modifications. For additional information, please refer to the EIPLP MD&A and see "*Gas Pipelines – Rates, Tolls and Tariff Structure*" of this AIF.

Beginning in the third quarter of 2014, the price of crude oil began a dramatic decline. Benchmark prices for crude oil, which had been trading over U.S.\$105 per barrel in June 2014, fell to as low as U.S.\$37 per barrel by the end of 2015 as a result of significant increases in production both inside and outside of North America. Prices have declined further since the beginning of 2016, falling to below U.S.\$30 per barrel in January 2016 and are expected to remain volatile in the near to mid-term as the market seeks to

re-balance supply and demand. The international market for crude oil has seen a significant increase in production from North American basins and increased production from the Organization of Petroleum Exporting Countries in the face of slower global demand growth. The downturn in price has impacted EIPLP's liquids pipelines' customers, who have responded by reducing their exploration and development spending for 2015 and into 2016. For additional information, please refer to the EIPLP MD&A.

## LIQUIDS PIPELINES

Liquids Pipelines consists of common carrier and contract crude oil, NGL's and refined products pipelines, feeder pipelines, gathering systems and terminals in Canada, including: (i) the Canadian Mainline; (ii) the Regional Oil Sands System; (iii) the Southern Lights Pipeline, which includes SL Canada and the Class A units of SL US; and (iv) the Feeder Pipelines and Other, which include the South Prairie Region and related crude storage terminals and tankage facilities in Saskatchewan and the Hardisty Contract Terminal and Hardisty Storage Caverns located near Hardisty, Alberta.

For additional information, please refer to the EIPLP MD&A.

### CANADIAN MAINLINE

The Canadian Mainline is a common carrier pipeline system which transports various grades of oil and other liquid hydrocarbons within western Canada and from western Canada to the Canada/U.S. border near Gretna, Manitoba and Neche, North Dakota and from the U.S./Canada border near Port Huron, Michigan and Sarnia, Ontario to eastern Canada and the northeastern U.S. The Canadian Mainline includes six adjacent pipelines, with a combined design operating capacity of approximately 2.85 million bpd that connect with the Lakehead System at the Canada/U.S. border, as well as four crude oil pipelines and one refined products pipeline that deliver into eastern Canada and the northeastern U.S. It also includes certain related pipelines and infrastructure, including decommissioned and deactivated pipelines. EPI, now a wholly-owned subsidiary of EIPLP, has operated and frequently expanded the Canadian Mainline since 1949.

The Competitive Toll Settlement is the current framework governing tolls paid for products shipped on the Canadian Mainline, with the exception of Lines 8 and 9 which are tolled on a separate basis. EPI receives tariff revenue in respect of Line 8 under a 25 year TSA with Imperial Oil entered into October 2, 1995 and approved by the NEB. EPI has entered into TSAs with three Shippers for service on Line 9, which provide for 10 year take-or-pay shipping commitments. Each Shipper can elect to renew its commitment for an additional 5 year period. The TSAs also govern the determination of Line 9 tolls. For additional information, please refer to the EIPLP MD&A.

The following table sets forth the average throughput deliveries on the Canadian Mainline for the financial years ended December 31, 2015, 2014 and 2013.

	2015 (thousands of bpd)	2014 <sup>1</sup> (thousands of bpd)	2013 <sup>1</sup> (thousands of bpd)
Canadian Mainline	2,238	-	-

**Notes:**

1. Prior to September 1, 2015 and the completion of the 2015 Transaction, EPI, which holds the Canadian Mainline, was owned by IPL System. The data provided for 2015 is the average throughput deliveries on the Canadian Mainline for the period from September 1, 2015 to December 31, 2015.

### REGIONAL OIL SANDS SYSTEM

The Regional Oil Sands System includes three long haul pipelines: the Athabasca Pipeline; the Waupisoo Pipeline; and the Woodland Pipeline; two large terminals: the Athabasca Terminal located north of Fort McMurray, Alberta; and the Cheecham Terminal, located 70 km (45 miles) south of Fort McMurray where the Waupisoo Pipeline commences; feeder pipelines: the Wood Buffalo Pipeline and Norealis Pipeline, each of which provide access for oil sands production from near Fort McMurray to the Cheecham Terminal; and a variety of other facilities such as the MacKay River, Christina Lake, Surmont, Long Lake and Athabasca Oil Corporation laterals and related facilities. The Regional Oil Sands System



currently serves eight producing oil sands projects. For additional information, please refer to the EIPLP MD&A.

### **SOUTHERN LIGHTS PIPELINES**

The Southern Lights Pipeline is a fully-contracted single stream pipeline that ships diluent from the Manhattan Terminal near Chicago, Illinois, to three western Canadian delivery facilities, located at the Edmonton and Hardisty terminals in Alberta and the Kerrobert terminal in Saskatchewan. This 180,000 bpd 16/18/20 inch diameter pipeline was placed into service on July 1, 2010. Only the Canadian portion of the Southern Lights Pipeline is included in the liquids pipelines assets. The Canadian portion of the Southern Lights Pipeline is owned by SL Canada, and the U.S. portion of the Southern Lights Pipeline is owned by Enbridge Pipelines (Southern Lights) L.L.C., a subsidiary of U.S. EIPLP owns Class A units in SL US which entitle the holder to receive defined cash flow streams from the U.S. segment of the Southern Lights Pipeline. SL Canada and SL US receive tariff revenues under long-term contracts with committed Shippers. Tariffs provide for recovery of all operating and debt financing costs plus a return on equity of 10%. The Southern Lights Pipeline has assigned 10% of the capacity (18,000 bpd) for Shippers to ship uncommitted volumes.

For additional information, please refer to the EIPLP MD&A.

### **FEEDER PIPELINES AND OTHER**

Feeder Pipelines and Other includes the South Prairie Region which transports crude oil and NGL from producing fields and facilities in southeastern Saskatchewan, southwestern Manitoba and North Dakota to Cromer, Manitoba where products enter the Canadian Mainline to be transported to the U.S. or eastern Canada. Also included in Feeder Pipelines and Other are related terminals and tankage facilities in Saskatchewan and the Hardisty Contract Terminal and Hardisty Storage Caverns located near Hardisty, Alberta, a key crude oil pipeline hub in Western Canada. For additional information, please refer to the EIPLP MD&A.

### **ASSET MAP**

The map on the following page illustrates the location of the EIPLP Liquids Pipelines assets.



**Liquids Pipelines**

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>1. Eastern Access Line 9 Reversal and Expansion</li> <li>2. Canadian Mainline Expansion</li> <li>3. Surmont Phase 2 Expansion</li> <li>4. Canadian Mainline System Terminal Flexibility and Connectivity</li> <li>5. Woodland Pipeline Extension</li> <li>6. Sunday Creek Terminal Expansion</li> </ul> | <ul style="list-style-type: none"> <li>7. Edmonton to Hardisty Expansion</li> <li>8. AOC Hangingstone Lateral</li> <li>9. JACOS Hangingstone Project</li> <li>10. Regional Oil Sands Optimization Project</li> <li>11. Norlite Pipeline System</li> <li>12. Canadian Line 3 Replacement Program</li> </ul> |
|--|--|



## COMMERCIALY SECURED PROJECTS

The table below summarizes acquisitions and commercially secured projects in the Liquids Pipelines business segment, which were either completed in the last three years or are currently under active development or construction, and includes projects which prior to the closing of the 2015 Transaction, were not part of the Fund Group. The estimated capital costs and the expenditures to dates within the table are inclusive of costs incurred prior to the closing of the 2015 Transaction, with the majority of the expenditures to date incurred prior to the close the 2015 Transaction. The EIPLP MD&A includes further details on certain of the projects set out below:

Project	Description	Actual/Estimated Capital Cost <sup>1</sup>	Actual/Expected In-Service Date
Athabasca Pipeline Capacity Expansion <sup>3</sup>	Expansion of the Athabasca pipeline to its full Capacity.	\$0.4 billion	2013 (in phases)
Bakken Expansion Program <sup>3</sup>	Joint project with EEP to expand Canadian portion of the crude oil pipeline capacity from the Bakken and Three Forks formations.	\$0.2 billion	2013
Suncor Bitumen Blend <sup>3</sup>	Outside the Athabasca Tank Farm a 350,000 barrel tank for new blend and diluent lines and pumping capacity.	\$0.2 billion	2013
Tioga Lateral Pipeline <sup>3</sup>	Alliance Pipeline L.P. project for new gas pipeline and associated facilities from Bakken region to Alliance near Sherwood, North Dakota.	U.S.\$0.1 billion	2013
Canadian Mainline System Terminal Flexibility and Connectivity	Expansion program to accommodate additional light oil volumes as well as enhance operational flexibility of the Canadian Mainline terminals.	\$0.7 billion	2013-2015 (in phases)
Eastern Access Line 9 Reversal and Expansion	Includes reversal of Line 9A, reversal of Line 9B and expansion of Line 9.	\$0.8 billion	2013-2015 (in phases)
Norealis Pipeline <sup>3</sup>	Terminal and pipeline for the Sunrise Oil Sands Project and additional tankage at the Cheecham terminal.	\$0.5 billion	2014
Surmont Phase 2 Expansion <sup>3</sup>	Project to expand the Cheecham Terminal to accommodate incremental bitumen production from Surmont's Phase 2 Expansion.	\$0.3 billion	2014-2015 (in phases)
AOC Hangingstone Lateral	New pipeline from the proposed Athabasca Oil Corporation Hangingstone oil sands project site to the Cheecham Terminal.	\$0.2 billion	2015
Canadian Mainline Expansion	Project to expand Alberta Clipper pipeline from Hardisty, Alberta to Canada/United States border involving addition of horsepower.	\$0.7 billion	2015
Edmonton to Hardisty Expansion	New pipeline between Edmonton, Alberta and Hardisty, Alberta to expand capacity of the Canadian Mainline system along with five new 500,000 barrel tanks in Edmonton.	\$1.6 billion	2015 (in phases)
Sunday Creek Terminal Expansion <sup>3</sup>	Expansion of facilities at the Sunday Creek Terminal located in Christina Lake area of Northern Alberta.	\$0.2 billion	2015
Woodland Pipeline Extension <sup>3</sup>	New pipeline from Enbridge's Cheecham Terminal to its Edmonton Terminal.	\$0.7 billion	2015
JACOS Hangingstone Project	New pipeline from Japan Canada Oil Sands Limited Hangingstone oil sands project to the Cheecham Terminal.	\$0.2 billion	2016

Project	Description	Actual/Estimated Capital Cost <sup>1</sup>	Actual/Expected In-Service Date
Norlite Pipeline System <sup>2</sup>	New diluent pipeline connecting the Stonefell Terminal to the Cheecham Terminal with an extension to Suncor's East Tank Farm.	\$1.3 billion	2017
Regional Oil Sands Optimization Project	Optimization of the Wood Buffalo Extension and the Athabasca Pipeline Twin, expansions which are currently in execution.	\$2.6 billion	2017
Canadian Line 3 Replacement Program	Replacement of approximately 1,084 km line segments of the existing Line 3 pipeline between Hardisty, Alberta and Gretna, Manitoba.	\$4.9 billion	2019

**Notes:**

1. With respect to projects still under construction, amounts are estimates and subject to upward or downward adjustment based on various factors. Where appropriate, the amounts reflect the Fund's share of joint venture projects.
2. EPAI will construct and operate the Norlite Pipeline System, which will be funded 30% by Keyera Corp.
3. These projects were completed prior to the closing of the 2015 Transaction.

Project execution is critical to achieving the Fund Group's long-term growth plans for service offerings, including expansion and replacement projects. The Fund Group, through Enbridge, applies rigorous project management processes towards the successful completion of projects including, without limitation: employee and contractor safety; long-term supply chain agreements; quality design, materials and construction; extensive regulatory and public consultation; robust cost, schedule and risk controls; and efficient project transition to operations.

For additional information, please refer to the EIPLP MD&A.

## **GAS PIPELINES**

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

### **OWNERSHIP STRUCTURE**

The Alliance Pipeline is indirectly owned 50% by the Fund Group and 50% by Veresen Inc.

### **DESCRIPTION OF ALLIANCE PIPELINE**

The Alliance Pipeline commenced operations in December 2000 and consists of approximately 3,850 km (2,392 miles) of integrated, high-pressure natural gas transmission pipeline, including approximately 730 km (454 miles) of lateral pipelines located in western Canada, a 129 km (80 mile) lateral located in North Dakota, and related infrastructure. The high pressure natural gas pipeline system begins near Gordondale, Alberta, crosses the Canada/U.S. border near Elmore, Saskatchewan and terminates in the Chicago, Illinois area. Lateral pipelines connect the mainline to 59 receipt locations, primarily at natural gas processing facilities in northwestern Alberta and northeastern British Columbia. The mainline is designed to deliver liquids-rich natural gas from the WCSB and the Bakken in North Dakota to markets accessible through the Chicago market hub. Commercially, the liquids-rich gas composition and high pressure pipeline operations allow producers and shippers to transport their high energy natural gas. For additional information, please refer to the EIPLP MD&A.

### **DESCRIPTION OF ALLIANCE BUSINESS**

In the WCSB, natural gas production within a 40 km (25 mile) radius of the Alliance Pipeline has grown since 2001, driven largely by liquids-rich gas development. Approximately 4 bcf/d of WCSB gas production is currently connected to the Alliance Pipeline and production from the Montney and Duvernay formations is projected to increase to over 10 bcf/d by 2025, even in the current low commodity price environment. Alliance Pipeline is well positioned to continue to serve the needs of this region.

The growth of unconventional oil production in North Dakota has led to a rapid rise in associated natural gas. However, given a lack of infrastructure in the region to date, a large amount of this associated gas has been flared at the wellhead. Gas production from the Bakken region is projected to increase to over 1.7 bcf/d by 2025 as stringent new regulations to reduce gas flaring have now been enacted in North Dakota. Alliance Pipeline is well positioned to continue to serve the needs of this region via its Tioga Lateral as well as its receipt point interconnection with Aux Sable's Prairie Rose Pipeline both of which bring liquids-rich Bakken gas to the Alliance Pipeline.

## **RATES, TOLLS AND TARIFF STRUCTURE**

All of Alliance Canada's Shippers pay NEB-approved fixed tolls in accordance with the respective underlying service selection. Seasonal firm service and interruptible service Shippers pay tolls established through a bidding mechanism.

All of Alliance US's firm transportation shippers have chosen to be governed by fixed negotiated rates under their respective transportation contracts. Interruptible service has been contracted at discounted recourse rates.

All Shippers are required to provide fuel-in-kind based on annual fixed fuel rate by service type. The fuel rate will be adjusted annually on an actual tracked and true-up basis.

In Canada, the NSO provides for fixed-price, term differentiated tolls and rates for firm services, including priority interruptible services, as well as biddable tolls and rates for firm seasonal services and other interruptible services. The NSO in Canada provides services applicable to two receipt zones, whereby physical gas receipts in Canada would be delivered to a notional trading point referred to as the ATP (receipt service) or to the Alliance Pipeline's Canada/U.S. border interconnect (full path service). The NSO in Canada also provides services applicable to one delivery zone in Canada, whereby gas receipts from ATP would be delivered to the Alliance Pipeline's Canada/U.S. border interconnect (delivery service). From the Canada/U.S. border interconnect, Alliance Pipeline's services in the U.S. under the NSO provide gas transportation to the ACE hub. For additional information, please refer to the EIPLP MD&A.

## **REGULATION**

The operations, tolls and tariffs of the Canadian segment of the Alliance Pipeline are federally regulated by the NEB and the operations, rates and tariffs of the U.S. segment are regulated by FERC. The NEB and FERC exercise jurisdiction over construction and operation of all international and interprovincial/interstate natural gas pipelines, including the regulation of tolls and rates, as well as all aspects of the terms and conditions applicable to the services provided by a pipeline.

## **COMPETITION**

The Alliance Pipeline faces competition in pipeline transportation to its Chicago area delivery points from both existing pipelines and proposed projects. For additional information, please refer to the EIPLP MD&A.

## **GREEN POWER**

Green Power includes approximately 1,437 MW (1,052 MW net after taking into account third party interests) of renewable and alternative energy gathering capacity from wind farms located in Alberta, Saskatchewan, Ontario and Quebec and solar farms located in Ontario. Green Power also includes the 50% interest EIPLP has in NRGreen, which operates five waste heat recovery facilities in Alberta and Saskatchewan. For additional information, please refer to the EIPLP MD&A.

Green Power includes the following wind and solar farms:

Farm	Interest	Location	MW	Counterparty /PPA Expiry (where applicable)	In Service	Operations/Maintenance
SunBridge Wind Farm	50%	Approximately 5 km southeast of Gull Lake in southwest Saskatchewan	11	SaskPower 2022	2002	Gamesa Canada, ULC
Magrath Wind Farm	33%	Approximately seven km southwest of Magrath in southern Alberta	30	No PPA Alberta Power Pool	2004	Acciona Wind Energy Canada Inc.
Chin Chute Wind Farm	33%	Approximately 20 km southwest of Taber	30	No PPA Alberta Power Pool	2006	Acciona Wind Energy Canada Inc.
Ontario Wind Farm (Kincardine Wind Farm and Cruickshank Wind Farm)	100%	Near the shores of Lake Huron in Bruce County, Ontario	181.5 and 8.25	IESO Kincardine 2029 Cruickshank 2028	2008	Enbridge and Vestas-Canadian Wind Technology, Inc.
Sarnia Solar Farm	100%	South shore of Lake Huron, in Sarnia, Ontario	80	IESO 2029	2009 & 2010	First Solar Development (Canada) Inc.
Talbot Wind Farm	100%	North shore of Lake Erie, near Chatham, Ontario	99	IESO 2031	2010	Enbridge
Tilbury Solar Farm	100%	Northern outskirts of Tilbury, Ontario	5	IESO 2030	2010	First Solar Development (Canada) Inc.
Amherstburg Solar Farm	100%	Essex County on the eastern outskirts of Amherstburg, Ontario	15	IESO 2031	2011	First Solar Development (Canada) Inc.
Greenwich Wind Farm	100%	North shore of Lake Superior	99	IESO 2031	2011	Enbridge and Siemens Canada Limited
Saint Robert Bellarmin Wind Farm	50%	300 km east of Montreal, Quebec	82	Hydro-Quebec 2032	2012	EDF Renewable Services Inc.
Lac Alfred Wind Farm	67.5%	400 km northeast of Quebec City in Quebec's Bas-Saint-Laurent region	308	Hydro-Quebec 2033	2013	Senvion GmbH and EDF Renewable Services Inc
Massif du Sud Wind Farm	80%	100 km south of Quebec City, Quebec	154	Hydro-Quebec 2033	2013	Senvion SE and EDF Renewable Services Inc.
Blackspring Ridge Wind Farm	50%	50 km north of Lethbridge, Alberta	300	No PPA Alberta Power Pool	2014	Vestas-Canadian Wind Technology, Inc. and Enbridge

The Fund Group's interest in the solar and wind farms listed above are all managed by Affiliates of Enbridge. The Manager provides oversight for the other Green Power businesses through representation on boards and management committees. See "Management Contracts" of this AIF. For additional information, please refer to the EIPLP MD&A.

## **SAFETY, ENVIRONMENT AND INDUSTRY**

### **ABANDONMENT COSTS**

In 2009, the NEB issued a decision related to the Land Matters Consultation Initiative which required holders of an authorization to operate a pipeline under the NEB Act to file a proposed process and mechanism to set aside funds to pay for future abandonment costs in respect of the sites in Canada used for the operation of a pipeline. The NEB's decision stated that while pipeline companies are ultimately responsible for the full costs of abandoning pipelines, abandonment costs are a legitimate cost of providing service and are recoverable from the users of the pipeline upon approval by the NEB. For additional information, please refer to the EIPLP MD&A.

### **SAFETY, ENVIRONMENT AND INDUSTRY**

The Fund Group, through Enbridge, proactively addresses safety and environmental issues by ensuring appropriate mechanisms are in place to monitor the safety and environmental aspects of its operations. Enbridge utilizes established safety and environmental management systems and has established policies, programs and practices for conducting safe and environmentally sound operations. Enbridge seeks to ensure compliance with all applicable regulatory and permit requirements and to proactively identify, evaluate and mitigate any potential impacts and issues associated with its operations. Crude oil and petroleum product spills are an inherent operational risk within the petroleum pipeline industry and the liquids pipelines assets have in the past experienced such spills. A comprehensive methodology for managing environmental aspects of spills is in place. Enbridge has in place an integrity management program to continuously monitor the condition of the Liquids Pipelines and apply preventative maintenance programs.

Interprovincial pipelines in Canada are required to meet construction, operating and maintenance standards established by the NEB, other federal regulators and the Canadian Standards Association. These pipelines are subject to the NEB's *Onshore Pipeline Regulations* concerning the design, construction, operation and abandonment of pipelines. Pipelines in the U.S. are required to meet, design, construction, operation and maintenance regulations established by the PHMSA and standards established by the FERC. EIPLP and Alliance comply in all material respects with the NEB, the *Onshore Pipeline Regulations*, PHMSA regulations and the requirements of all applicable safety regulations, standards and codes. EIPLP and Alliance have implemented practices and procedures common in the pipeline industry and necessary to meet applicable laws in all material respects.

Pipelines must comply with provincial, state and federal legislation and regulations relating to environmental matters such as greenhouse gas emissions and carbon taxes. Carbon taxes, the cost to obtain greenhouse gas emission credits and all prudently incurred costs related to environmental requirements are recoverable through transportation rates and tolls or surcharges thereto.

The Manager proactively addresses safety and environmental issues in its Green Power operations directly through its representation on the governing bodies of its investments, to ensure or oversee implementation of appropriate mechanisms and safety standards to monitor all aspects of operations. The Manager uses health, safety and environmental management systems and has established policies, programs and practices for conducting safe and environmentally sound operations at all Green Power facilities.

Electricity markets and policies in Canada are predominantly regulated at the provincial level. Many provinces have restructured their electricity markets to facilitate competition. Alberta is the most evolved, with wholesale and retail open access. Green Power operates in the Canadian power market, which is subject to competition and the supply and demand balance for power in the provinces in which it operates (Quebec, Ontario, Saskatchewan and Alberta).

For additional information, please refer to the Fund MD&A and the EIPLP MD&A.

## RISK FACTORS

A discussion of risk factors applicable to the Fund can be found in the Fund MD&A and risk factors applicable to EIPLP can be found in the EIPLP MD&A. Such disclosure is incorporated herein by reference and is available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional risk factors applicable to the Fund are set forth below.

### RISKS RELATED TO THE FUNDS STRUCTURE AND OWNERSHIP OF FUND UNITS

#### Nature of Fund Units

Each Fund Unit represents an undivided beneficial interest in the Fund. The Fund's sole assets consist of ECT Notes, ECT Units and other permitted investments. The Fund Units do not represent debt instruments and there is no principal amount owing to Unitholders under the Fund Units.

The Fund Units do not represent a direct investment in the Liquids Pipelines, Gas Pipelines or Green Power businesses or any other assets of the Fund Group. As holders of Fund Units, Unitholders will not have statutory rights normally associated with the ownership of shares of a corporation including, for example, the right to bring legal actions against the Fund for unfair treatment, the right to require the Fund to bring legal action against third parties on behalf of the Unitholders or the right to require payment of fair value for Fund Units owned by a dissenting Unitholder in the context of a fundamental transaction affecting the Fund.

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

#### Unitholder Liability

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

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

Notwithstanding the terms of the Fund Trust Indenture, Unitholders may not be protected from liabilities of the Fund to the same extent as a shareholder is protected from the liabilities of a corporation. Personal liability may also arise in respect of claims against the Fund (to the extent that claims are not satisfied by the Fund's assets) that do not arise under contract, including claims in tort, claims for taxes and other possible statutory liabilities. It is intended that the activities of the Fund and the Fund Group will be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, so far as possible, to the extent they deem practicable, any material risk of liability on the Unitholders for claims against the Fund. The



Manager will, to the extent it considers possible and reasonable, carry insurance in such amounts as it considers adequate to cover the operations of the Fund. However, most insurance policies will have exclusions for certain environmental or other liabilities. Based on the foregoing and considering the nature of the Fund's activities, its compliance with environmental regulations relating to its properties and the insurance policies which it holds, the possibility of any personal liability of this nature arising may be considered remote. There is a risk that a Unitholder could be held personally liable for the obligations of the Fund to the extent that claims are not satisfied by the Fund. The Fund Trust Indenture provides that in the event payment of a Fund obligation is made by a Unitholder, such Unitholder will be entitled to reimbursement from the available assets of the Fund. There is a risk that the Fund will not have available assets to reimburse a Unitholder, particularly if it cannot satisfy claims directly.

The *Income Trusts Liability Act* (Alberta) provides that the beneficiaries of an income trust governed by the laws of Alberta and that is a reporting issuer, are not liable as beneficiaries, for any act, default, obligation or liability of such income trust. This legislation has not, to the Manager's knowledge, been subject to interpretation by courts in the Province of Alberta or elsewhere, and as such, there is the possibility that the legislation may not be effective to protect Unitholders residing outside of Alberta or from claims commenced outside of Alberta.

The net assets of the Fund are invested in ECT Units and ECT Notes. As a holder of ECT Units, the Fund Trustee is subject to potential liability for obligations of ECT in circumstances similar to those described above for Unitholders. The net assets of ECT are invested in a limited partnership interest in EIPLP and in equity shares of EIPGP. EIPLP in turn owns equity interests in other entities, including limited partnership interests in other partnerships. A limited partner may lose the protection of limited liability if it takes part in the management and control of the business of the applicable partnership or does not comply with legislation governing limited partnerships in force in the province where the limited partner is resident or where the applicable partnership carries on business.

## **DISTRIBUTIONS**

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

<b>Cash Distribution Per Fund Unit</b>			
<b>Payment Date</b>	<b>2015</b> <i>(\$ per Fund Unit)</i>	<b>2014</b> <i>(\$ per Fund Unit)</i>	<b>2013</b> <i>(\$ per Fund Unit)</i>
January	\$0.15743	\$0.13525	\$0.13417
February	\$0.15743	\$0.13525	\$0.13417
March	\$0.15743	\$0.13525	\$0.13417
April	\$0.15743	\$0.13525	\$0.13417
May	\$0.15743	\$0.13525	\$0.13417
June	\$0.15743	\$0.13525	\$0.13417
July	\$0.15743	\$0.13525	\$0.13417
August	\$0.15743	\$0.13525	\$0.13417
September	\$0.15743	\$0.13525	\$0.13417
October	\$0.15743	\$0.13525	\$0.13417
November	\$0.15743	\$0.13525	\$0.13417
December	\$0.15743	\$0.15743	\$0.13525
<b>Total</b>	<b>\$1.88916</b>	<b>\$1.64518</b>	<b>\$1.61112</b>

## **FUND DISTRIBUTION PRACTICE**

Pursuant to the Fund Trust Indenture, any distribution declared payable on each Fund Unit must be calculated with reference to the aggregate number of then outstanding Fund Units, ECT Preferred Units, ECT Class B Units and EIPLP Class C Units and are subject to the prior payment of distributions by ECT and EIPLP. The Fund's distribution practice is to distribute a high proportion of its Distributable Cash in each calendar year. The distribution will not typically be adjusted in circumstances where a change in Distributable Cash is not considered to be sustainable. Distributable Cash retained by the Fund is used to repay debt obligations and for general purposes. The ECT Trustees must approve an amendment to, or any material deviation from, this distribution practice.

### **Distribution Limitations**

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

The Credit Facility includes a provision that prohibits distributions to Unitholders if an event of default exists under the applicable credit agreement. The Credit Facility also includes a covenant that limits outstanding debt of the Fund to 65% of its book capitalization, calculated pursuant to its amended credit facility agreement, and outstanding debt of EIPLP to 65% of its consolidated book capitalization. See "*Description of the Fund – Credit Facility*" of this AIF.

### **Alliance Distribution**

Any decision by Alliance to make a distribution is made by the board of directors of the general partner of Alliance on the basis of cash flow, financial requirements and other conditions existing at the time of such decision. To date, Alliance has made quarterly distributions of funds not required for capital expenditures or other partnership purposes. Alliance Pipeline's distributions are expected to continue to be paid out quarterly. The Fund Group, as a 50% owner of Alliance, has the right to appoint and has appointed 50% of the directors to the board of Alliance.

## PRIOR SALES

On September 1, 2015, in connection with completion of the 2015 Transaction, the Fund issued 84,650,000 Fund Units at a price of \$35.44 per unit to Enbridge for gross proceeds of \$3 billion. The proceeds were used to subscribe for 84,650,000 ECT Units at a price of \$35.44 per unit and were used by ECT to subscribe for approximately 84,641,534 Class A units of EIPLP at a price of \$35.44 per unit and to repay a \$300,000 demand loan which was used to subscribe for 300,000 common shares of EIPGP at a price of \$1 per share. EIPGP used the proceeds to subscribe for Class A units of EIPLP. EIPLP used the proceeds from the issuance of the Class A units to ECT and EIPGP to partially finance the 2015 Transaction.

On November 6, 2015 the Fund issued an aggregate of 26,810,000 Fund Units to EIFH at a price of \$32.60 per unit for gross proceeds of \$874 million, which were used to subscribe for 26,810,000 ECT Units at a price of \$32.60 per unit. ECT in turn used the proceeds to subscribe for approximately 26,808,686 EIPLP Class A units and 42,826 common shares of EIPGP. EIPLP in turn used the proceeds to acquire common shares in EPI and EPAI. EPI and EPAI in turn used the proceeds to partially fund their secured capital growth programs.

In November 2015, EIFH commenced issuing EIFH Shares from treasury in respect of its amended dividend reinvestment and share purchase plan. The proceeds from such treasury issuances will be used by EIFH to subscribe for Fund Units in the same number and at the same price as the issuance price of the EIFH Shares. On December 15, 2015, the Fund issued 25,918 Fund Units to EIFH at a price of \$26.83 per unit paid by EIFH from reinvested dividends.

## RATINGS

### MTNs

The MTNs have received a rating of “BBB (high)” with a positive outlook from DBRS and a rating of “Baa2” from Moody’s with a stable outlook. The positive outlook by DBRS will remain in place until the Fund has proven its capability to raise the planned equity and further executes its growth capital program. Ratings for debt instruments range from a high of “AAA” to a low of “D” for DBRS and in the case of Moody’s, from a high of “Aaa” to a low of “C”. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The DBRS long-term rating scale provides an opinion on the risk of default based on both quantitative and qualitative considerations relevant to the issuer and the relative ranking of claims. Each rating category except for “AAA” and “D” is denoted by the subcategories “high” and “low”. The absence of either a “high” or “low” designation indicates the rating is in the middle of the category. The rating of “BBB (high)” from DBRS is characterized as “adequate credit quality – the capacity for the payment of financial obligations is considered acceptable, but may be vulnerable to future events” and is the fourth highest of ten available rating categories.

Moody’s assigns long-term ratings to obligations with an original maturity of one year or more and reflect both on the likelihood of default on contractually promised payments and the expected financial loss suffered in the event of default. Under Moody’s global long-term rating scale, obligations rated “Baa” are the fourth highest of nine available rating categories and are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody’s applies numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

The credit ratings accorded to the MTNs by these rating agencies are not recommendations to purchase, hold or sell the MTNs as such ratings do not comment as to market price or suitability for a particular investor. Credit ratings are intended to provide investors with an independent assessment of the credit

quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. The credit ratings assigned by the ratings agencies to the MTNs may not reflect the potential impact of all risks on the value of the MTNs. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

In connection with the assignment of ratings on the MTNs, the Fund pays the credit ratings agencies an annual fee and a fee in respect of each MTN issuance.

## TRUSTEES, AFR COMMITTEE AND MANAGEMENT

### FUND TRUSTEE

CST Trust Company is the Fund Trustee.

### ECT TRUSTEES

The ECT Trustees are either appointed by Enbridge or are Elected Trustees. The number of ECT Trustees which Enbridge is entitled to appoint is dependent on its Economic Interest. Enbridge is currently entitled to appoint seven of 11 ECT Trustees. See “*Description of ECT – Fund Trustees/Governance*” of this AIF.

The following table sets forth the names of the ECT Trustees as at December 31, 2015 and as at the date of this AIF, each of their province and country of residence, principal occupations within the five preceding years and the year in which they first became an ECT Trustee. Dr. M. Elizabeth Cannon resigned as an ECT Trustee on November 4, 2015. Each ECT Trustee holds office until the next annual meeting of holders of ECT Units.

Name and Residence	Principal Occupation During the Five Preceding Years	Trustee Since
J. Richard Bird <sup>1,2</sup> Alberta, Canada	Senior executive officer of Enbridge from 1995 until his retirement in March 2015 from the position of Executive Vice-President, Chief Financial Officer & Corporate Development of Enbridge..	2002
J. Herb England <sup>1,2,4</sup> Florida, U.S.A	Chairman and Chief Executive Officer of Stahlman-England Irrigation Inc. (contracting company) since January 2000.	2015
Charles W. Fischer <sup>1,2,4</sup> Alberta, Canada	Corporate Director.	2011
Brian E. Frank <sup>1,3,4</sup> Alberta, Canada	President and CEO of TimberWest Forest Corp. (private timberland company) from 2012 until December 2014. From 1995 to 2011, held several senior executive positions with BP Oil International (public oil and gas company).	2014
D. Guy Jarvis <sup>1,2</sup> Alberta, Canada	President, Liquids Pipelines of Enbridge and has held a number of senior executive officer positions since joining Enbridge in 2000.	2014

Name and Residence	Principal Occupation During the Five Preceding Years	Trustee Since
Al Monaco <sup>1,2</sup> Alberta, Canada	President & Chief Executive Officer of Enbridge since October 2012 and President of Enbridge since February 2012. President, Gas Pipelines, Green Energy & International of Enbridge from October 2010 to February 2012.	2015
E.F.H. (Harry) Roberts <sup>1,3,4</sup> Alberta, Canada	Corporate Director.	2012
Bruce G. Waterman <sup>1,3,4</sup> Alberta, Canada	Held various senior executive positions with Agrium Inc. (public agricultural company) since 2000, until his retirement in 2013 from the position of Executive Vice-President, International Development.	2014
John K. Whelen <sup>1,2</sup> Alberta, Canada	Executive Vice-President & Chief Financial Officer of Enbridge. Prior to that held a number of senior executive officer positions with Enbridge since joining Enbridge in 1992.	2014
Catherine L. Williams <sup>1,2,4</sup> Alberta, Canada	Corporate Director.	2015

**Notes:**

1. Independent ECT Trustee.
2. Enbridge appointee.
3. Elected Trustee.
4. Member of AFR Committee.

As at December 31, 2015, no Fund Units were held by any ECT Trustee, nor did they own, or control or direct, directly or indirectly, any voting securities in any member of the Fund Group.

## AFR COMMITTEE

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

The ECT Trust Indenture provides that an audit committee of at least six ECT Trustees shall be appointed, with an equal number of Elected Trustees and ECT Trustees appointed by Enbridge, all of whom shall be Independent ECT Trustees. The members of the AFR Committee at Year End were Bruce G. Waterman (Chair), J. Herb England, Charles W. Fischer, Brian E. Frank, E.F.H. (Harry) Roberts and Catherine L. Williams. The ECT Board believes the composition of the AFR Committee reflects a high level of financial literacy and expertise. Each member of the AFR Committee is “independent” and “financially literate” as those terms are defined under Canadian securities laws.

The following is a description of the education and experience, apart from their respective roles as ECT Trustees, of each member of the AFR Committee that is relevant to the performance of his or her responsibilities as a member of the AFR Committee.

Name	Relevant Education and Experience
J. Herb England	Mr. England acquired significant financial experience and exposure to accounting and financial issues during a lengthy career with the John Labatt Limited group of companies, including as Chief Financial Officer of John Labatt Limited. He is currently Chairman and Chief Executive Officer of Stahlman-England Irrigation Inc., a contracting company in Florida. Mr. England also currently serves as a director and chair of the audit committees of Enbridge Gas Distribution Inc., Enbridge Management L.L.C., Enbridge Energy Company Inc. and Midcoast Holdings L.L.C. and Fuel Cell Energy Inc.
Charles W. Fischer	Mr. Fischer acquired significant financial experience and exposure to accounting and financial issues during a lengthy business career, which included serving as President and Chief Executive Officer of Nexen Inc. from 2001 to 2008, and holding various executive positions with Nexen Inc. from 1994 to 2001. He currently also serves as director and a member of the audit committee of Pure Technologies Ltd.

Name	Relevant Education and Experience
Brian E. Frank	Mr. Frank is an experienced senior executive with extensive expertise in the oil & gas industry, financial and capital markets, and business development. In his capacity as CEO and/or President within the BP Oil International organization and at Timberwest Forest Corp., he had overall responsibility for financial reporting as well as enterprise risk management and strategic planning for entities in Canada, the U.S. and internationally. Mr. Frank holds a M.A. in Public Administration from Carleton University and a B.A. Economics from Carleton University.
E.F.H. (Harry) Roberts	Mr. Roberts is a senior finance executive with extensive experience in the oil & gas and financial services industries and a thorough knowledge of financial and capital markets. He held a number of senior finance positions during his 20 year career with Petro-Canada, including Treasurer, Vice President, Finance & Planning and ten years as Chief Financial Officer, in which he was accountable for the establishment of Petro-Canada's financial objectives, implementation of effective business processes, financial and risk management, accounting and internal controls, corporate taxes, strategic planning, corporate finance, treasury and pension plan management, information technology and supply chain management. He was also Senior Vice-President, Integration of Suncor Energy Inc. following its merger with Petro-Canada in 2009. Mr. Roberts holds a B.Comm. from the University of Alberta. He was a member of the audit committee of the Board of Governors for the University of Calgary, was the chair of the audit committee of Canada's Sports Hall of Fame and is chair of the board of directors and chair of the audit committee of Canadian Oil Sands Limited.
Bruce G. Waterman	Mr. Waterman is the Chair of the AFR Committee. He is an experienced financial executive with extensive expertise in the oil & gas industry, financial and capital markets, and business development. He has held senior executive positions with direct responsibility for controller's, corporate finance, tax, enterprise risk management and internal audit, including as Senior Vice-President, Finance & Chief Financial Officer at Agrium Inc. and Vice-President & Chief Financial Officer at Talisman Energy Inc. Mr. Waterman holds a B.Comm. (Hon.) from Queen's University and an ICD.D. He is a Chartered Professional Accountant and a Fellow of the Institute of Chartered Professional Accountants. He was named Canada's Chief Financial Officer of the Year in 2008 and currently chairs the selection committee for Canada's Chief Financial Officer of the Year. Mr. Waterman is also a member of the Advisory Board of the Financial Executives International Canada. Mr. Waterman is a director and member of the audit committee of Encana Corporation and a director and member of the audit committee of Irving Oil (private oil & gas company). He also served as the chair of the audit committee of OPTI Canada, Inc.
Catherine L. Williams	Ms. Williams held senior finance positions during a 30-year career in business which included international experience. She worked for 20 years in the Shell group of companies, including as Chief Financial Officer of Shell Canada Limited from 2003 to 2007 and as Controller of Shell Europe Oil Products from 2001 to 2003. Ms. Williams holds a M.B.A. from Queen's University. She was chair of the audit & finance committee of Mount Royal College and chair of the Board of Governors of Mount Royal University. She has also served as a member of the audit committee of Tim Hortons Inc. and chair of the audit committee of Alberta Investment Corporation. She currently serves on the audit committee of Enbridge, EPI and Vermilion Energy Inc.

## Pre-Approval Policies and Procedures

Pursuant to the AFR Committee's Terms of Reference, the AFR Committee's duties and responsibilities specifically include pre-approval of non-audit services to be provided to the Fund or its Subsidiaries by the Fund's auditor. In order to guide and facilitate the AFR Committee's discharge of this duty and responsibility, the AFR Committee adopted a policy which prescribes categories of both permitted and prohibited services which either may or may not be performed by the Fund's auditor. In the case of permitted services, the AFR Committee must oversee and provide prior approval of the services, with the exception that the Chair of the AFR Committee has the authority to engage the Fund's auditor for permitted services with fees of up to \$50,000 and in the absence of the Chair of the Audit Committee, any other AFR Committee member shall have authority to engage the auditors for permitted services up to an aggregate of \$25,000 between meetings of the AFR Committee, subject to confirmation by the AFR Committee at its next meeting. Permitted services include:

- a) assurance (audit) services, including audits of Subsidiaries and benefits plans, accounting consultation and special procedures;
- b) tax services, including tax research and assistance with respect to Canadian and foreign tax issues and tax planning;

- c) reviews of operational controls and effectiveness risk, including enterprise risk management, corporate governance and compliance management;
- d) reviews of technology risks, including security reviews, systems implementation control reviews and forensic investigation; and
- e) reviews of financial risk, including due diligence reviews and valuation advice relating to post- employment benefits.

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

### External Auditor Service Fees

Total fees billed by PricewaterhouseCoopers LLP to the Fund Group during the years ended December 31, 2015 and December 31, 2014 were \$1,109,538 and \$608,340, respectively, comprised of the following:

	2015	2014	Description of Fee Category
Audit Fees	\$566,192	\$527,100	Represents the aggregate fees for audit services.
Audit-Related Fees	\$391,285	\$48,880	Represents the aggregate fees for assurance and related services by the Fund's auditors that are reasonably related to the performance of the audit or review of the Fund's financial statements and are not included under "Audit Fees". During fiscal 2014, the services provided in this category included fees paid for due diligence relating to MTN prospectus offerings and services provided in connection the 2014 Transaction and during fiscal 2015 included services provided in connection with the 2015 Transaction and the related management information circular.
Tax Fees	\$-	\$-	Represents the aggregate fees for professional services rendered by the Fund's auditors for tax compliance, tax advice and tax planning.
All Other Fees	\$152,061	\$32,360	Represents the aggregate fees for products and services provided by the Fund's auditors other than those services reported under "Audit Fees", "Audit-Related Fees" and "Tax Fees". These fees include those related to Canadian Public Accountability Board fees, French translation work and process reviews.
Total Fees	\$1,109,538	\$608,340	

### THE MANAGER

The Manager is incorporated under the laws of Canada and is a wholly-owned Subsidiary of Enbridge. The head office of the Manager is located at 200, 425 – 1st Street SW, Calgary, Alberta T2P 3L8. As at the date of this AIF, the names, municipalities of residence and principal occupations within the five preceding years of the directors and officers of the Manager providing services to the Fund Group and the year in which they first became a director of the Manager, are set out below:

Name and Residence	Position with the Manager	Principal Occupation During the Five Preceding Years	Director Since
Karen L. Radford Calgary, Alberta Canada	Director	Executive Vice President, People & Partners of Enbridge since September 2011. Various Executive Vice President and President positions with TELUS Corporation (a telecommunications company) from July 2004 to January 2011.	2015

Name and Residence	Position with the Manager	Principal Occupation During the Five Preceding Years	Director Since
David T. Robottom, Q.C. Calgary, Alberta Canada	Director	Executive Vice President & Chief Legal Officer of Enbridge since October 2010.	2015
John. K. Whelen Calgary, Alberta Canada	President & Director	Executive Vice President & Chief Financial Officer of Enbridge since October 2014. Senior Vice President, Finance of Enbridge from July 2014 to October 2014. Senior Vice President & Controller of Enbridge from April 2011 to July 2014.	2014
Perry F. Schuldhaus Calgary, Alberta Canada	President, Enbridge Income Fund	President, Enbridge Income Fund. Mr. Schuldhaus has over 18 years of experience with Enbridge and over 30 years of experience in the energy industry in Canada, the United States and internationally. Prior to his appointment as President, he held the position of Vice President, Upstream Business Development and Acquisitions of EPI.	-
Wanda M. Opheim Calgary, Alberta Canada	Chief Financial Officer, Enbridge Income Fund	Senior Vice-President, Finance, Enbridge. For over 23 years, Ms. Opheim held a number of senior executive positions with Enbridge, including Vice-President, Corporate Development & Planning and Vice-President, Treasury & Tax.	-
Andrew M. Swales Calgary, Alberta Canada	Treasurer, Enbridge Income Fund	Director, Treasury, Enbridge. Mr. Swales has been with Enbridge for over 16 years, holding a number of positions, including Director, Investment Review.	-
Jana C. Hordichuk Calgary, Alberta Canada	Controller, Enbridge Income Fund	Controller, Enbridge Income Fund, Enbridge. Prior to joining Enbridge in 2012, Ms. Hordichuk held progressively senior accounting and finance positions within other issuers. She holds a B.BA from the University of Regina and is a Chartered Professional Accountant.	-
Debra J. Poon Calgary, Alberta Canada	Corporate Secretary, Enbridge Income Fund	Senior Legal Counsel, Enbridge since 2010.	-

Each of the directors and officers of the Manager are also employees of Enbridge and/or Subsidiaries of Enbridge. In their role as directors and officers of the Manager, they devote such time as is required for the Manager to fulfill its obligations to the Fund. Mr. Schuldhaus and Ms. Hordichuk devote substantially all of their time to the Fund and EIFH.

At December 31, 2015 and the date of this AIF, no Fund Units were held by any director or officer of the Manager, nor did they own, or control or direct, directly or indirectly, any voting securities of any member of the Fund Group.

### MANAGEMENT CONTRACTS

The Fund Trustee has no active role in the management of the Fund and there are no individual trustees of the Fund itself. The authority of the Fund Trustee has generally been delegated to the ECT Trustees pursuant to the Fund Delegation Agreement and responsibility for the management and administration of the Fund has been generally delegated to the Manager pursuant to the Administration Agreement.

Day-to-day management and general administration of ECT has been delegated to the Manager pursuant to the Management Agreement. None of the Fund, ECT, nor any of the entities in the Fund Group have employees. All of the employees in EPI and EPAI were transferred to wholly-owned indirect Subsidiaries of Enbridge pursuant to the 2015 Transaction. Enbridge and/or its Affiliates provide management, operational and administrative services to the Liquids Pipelines and the 100% owned Green Power businesses in the Fund Group.



Alliance Pipeline has its own management team and staff. Alliance Canada also operates the NRGreen waste heat power generation business included in the Green Power segment, as the facilities for such business are located along the Canadian segment of the Alliance Pipeline. Governance oversight by the Fund Group over Alliance and NRGreen is accomplished through representation of the Manager on the Alliance and NRGreen boards of directors and audit committees, and the ECT Trustees' role in overseeing the management activities of the Manager.

Management oversight for the Fund Group's partial interests in certain of the businesses within the Green Power segment is accomplished through representation, along with the other respective arm's length third party owners of each business (in proportion to each owner's respective ownership interest) on the various boards and management committees of those businesses. Based on its representative participation on these boards and committees, the Manager oversees the management and operations of the Green Power businesses and reports to the ECT Trustees, to fulfil the Fund Group's own governance oversight requirements. Day-to-day operation of the wind power businesses in the Green Power segment that are not wholly-owned by the Fund Group rests with other owners of the projects in each case except for the 50% owned SunBridge Wind Farm, which is operated by an Affiliate of Enbridge.

### **Fund Administration Agreement**

Pursuant to the Administration Agreement, the Manager has agreed to provide general administrative and support services to the Fund to administer the operations of the Fund including, without limitation, those necessary to: (i) ensure compliance by the Fund with its continuous disclosure obligations under applicable securities legislation; (ii) provide investor relations services; (iii) prepare and cause to be provided to Unitholders all information to which Unitholders are entitled under the Fund Trust Indenture and under applicable laws; (iv) call and hold meetings of Unitholders and prepare, approve and arrange for the distribution of required materials, including notices of meetings and information circulars, in respect of all such meetings; (v) compute, determine and direct distributions to Unitholders; (vi) attend to all administrative and other matters arising in connection with any redemptions of Fund Units; (vii) undertake and perform all acts, duties and responsibilities in connection with acquiring or disposing of assets and property for and on behalf of the Fund of whatever nature or kind; (viii) attend to all administrative and other matters arising in connection with the pre-emptive right described in the Fund Trust Indenture; and (ix) attend to all administrative and other matters arising in connection with the exercise of securities that: (a) are exchangeable into Fund Units, including the EIPLP Class C Units, ECT Preferred Units and ECT Class B Units; and (b) are exchangeable into EIFH Shares, including the EIPLP Class C Units, ECT Preferred Units, ECT Class B Units and Fund Units.

In consideration for providing the services under the Administration Agreement, the Manager receives a base fee of \$50,000 per annum, subject to annual adjustment for inflation. The Manager is also entitled to be reimbursed for all out-of-pocket and third party fees, costs and expenses reasonably incurred by the Manager or its Affiliates in carrying out the Manager's obligations and duties under the Administration Agreement. The reimbursement of Fund expenses to the Manager is not intended to provide the Manager with any financial gain or loss. During the year ended December 31, 2015, the Manager received a base fee of \$64,383 (2014 - \$63,564) pursuant to the Administration Agreement.

The Administration Agreement has an initial 20 year term ending on June 30, 2023 and is automatically renewable for additional successive terms of five years, unless terminated earlier.

The Administration Agreement may be terminated by either party on notice if the other becomes subject to an insolvency event or to proceedings for dissolution, liquidation or winding up or if the Management Agreement has been terminated. The Fund may also terminate if the Manager breaches any provision of the Administration Agreement and such breach has resulted in a material adverse effect on the Fund Group, taken as a whole, and such breach remains uncured for a specified period. The Manager may also terminate if: (i) the Fund fails to pay any amount due under the Administration Agreement, provided that such failure to pay is not the result of a breach by the Manager or any of its Affiliates of any duty or obligation under any agreement with a member of the Fund Group, and such breach remains uncured for a specified period; or (ii) the Fund materially breaches any provision of the Administration Agreement

(other than a failure to pay) and such breach remains uncured for a specified period. Any termination shall become effective upon the date specified in the notice, which date shall not be earlier than: (i) in the case of a termination event resulting from a breach of the Administration Agreement (other than a failure to pay), two years after the date of delivery of the notice, provided however, that if the breaching party in good faith disputes the occurrence of the event giving rise to the termination right, such termination shall not become effective until such dispute is finally determined in accordance with the Administration Agreement; and (ii) in the case of all other termination events, the date of delivery of such notice.

The termination provisions in the Administration Agreement were amended and restated effective September 1, 2015 in connection with the 2015 Transaction. Other amendments included changes to: (i) the conflict provisions (to be consistent with amendments made to the ECT Trust Indenture); (ii) the restrictions on the business or activities in which the Manager may engage; (iii) the resolution of disputes, which shall be resolved by negotiation, and failing resolution within the time specified, by binding arbitration; and (iv) the indemnification provisions to provide that the Manager and its Affiliates will not be liable for any loss resulting from, incidental to or relating to a breach by the Manager or its representatives of any of the terms of the Administration Agreement or the Manager's performance or non-performance thereunder or where the proximate cause of such loss is attributable to: (a) acting in accordance with the instructions of the Fund; or (b) any action or omission that occurred with the Fund's advance consent. The Manager's representatives will not be liable for any loss resulting from, incidental to, or relating to any act or omission by any of the Manager representatives provided that the act or omission is based upon the Manager representative's reliance on: (i) statements of fact of other persons (excluding persons with whom the Manager is Affiliated or EIPGP) who are considered by the Manager to be knowledgeable of such facts; or (ii) the opinion or advice of or information obtained from any expert. The indemnification and termination provisions contained in the Administration Agreement will be the sole and exclusive remedies of the parties with respect to the Administration Agreement.

### **ECT Management Agreement**

Pursuant to the ECT Management Agreement, the Manager has agreed to provide all aspects of management and general administration to ECT, including, without limitation: (i) overseeing the business and affairs of ECT and reporting to the ECT Trustees with respect thereto at such times as may be requested from time to time by the ECT Trustees; (ii) developing, implementing and monitoring a strategic plan for ECT; (iii) developing acquisition strategies, investigating potential acquisitions and analyzing the feasibility of potential acquisitions; (iv) carrying out acquisitions or dispositions and related financings; (v) preparing an annual management plan for approval by the ECT Trustees; (vi) assisting in connection with any financing of ECT or its Affiliates; (vii) assisting ECT with the preparation, planning and coordinating of meetings of the management of ECT, the ECT Trustees and the partners of EIPLP; (viii) providing oversight and direction of investments (including through representation on the boards of directors of Alliance, NRGreen and other investments of ECT from time to time); and (ix) attend to all administrative and other matters arising in connection with the exercise of securities that: (a) are exchangeable into Fund Units, including the EIPLP Class C Units, ECT Preferred Units and ECT Class B Units; (b) are exchangeable into ECT Preferred Units and/or ECT Class B Units, including the EIPLP Class C Units; and (c) are exchangeable into EIFH Shares, including the EIPLP Class C Units, ECT Preferred Units, ECT Class B Units and Fund Units. To the extent that the applicable statements for services under the Intercorporate Services Agreement provide for specific services to any Affiliates of ECT that are otherwise contemplated pursuant to the Management Agreement, the Manager will not provide, will not be responsible to provide, and will not have any liability for, such duplicative services under the Management Agreement. See "Management Contracts – Intercorporate Services Agreement" of this AIF.

In consideration for providing the services under the Management Agreement and pursuant to the incentive distribution and performance rights granted pursuant to the 2015 Transaction, the Manager is entitled to receive: (i) a base fee of \$50,000 per annum, subject to annual adjustment for inflation; and (ii) an annual incentive fee equal to a base fee of \$7.9 million plus 25% of a portion of distributions on ECT Preferred Units, ECT Class B Units and EIPLP Class C Units above a threshold of \$1.295 per unit to a maximum of \$1.89 per unit, adjusted for a tax factor. Above \$1.89 per unit, pursuant to the EIPLP Limited Partnership Agreement, EIPLP will pay an incentive distribution to holders of EIPLP Special Interest

Rights (Enbridge and IPL System) equal to 25% of the pre-incentive distributable cash flow above a base distribution of \$1.89 per unit, adjusted for a tax factor. The Manager is also entitled to be reimbursed for all out-of-pocket and third party fees, costs and expenses reasonably incurred by the Manager or its Affiliates in carrying out the Manager's obligations and duties under the Management Agreement. The reimbursement of expenses to the Manager is not intended to provide the Manager with any financial gain or loss. During the year ended December 31, 2015, the Manager received a base fee of \$64,383 (2014 - \$63,564) and an incentive fee of approximately \$59 million (2014 - \$23 million) pursuant to the Management Agreement. EIPLP issued an aggregate of 1,387,161 Class D units of EIPLP in 2015 to holders of the EIPLP Special Interest Rights in lieu of an aggregate cash payment \$43,350,061 for the incentive distribution and distributions on outstanding EIPLP Class D units.

The Management Agreement has an initial 20 year term ending on June 30, 2023 and is automatically renewable for additional successive terms of five years, unless terminated earlier. The Management Agreement may be immediately terminated for similar events and in a manner consistent with termination of the Administration Agreement. ECT may also terminate the Management Agreement if: (i) any service agreement pursuant to which the Manager or any Affiliate of the Manager provides services to any member of the Fund Group has been terminated as a result of the breach or default of the Manager or its Affiliate and such breach or default has resulted in a material adverse effect on the Fund Group, taken as a whole; or (ii) the Economic Interest is less than 25% and a substantial deterioration in the business of the Fund Group, taken as a whole, occurs rendering its performance to be materially below the performance of similar publicly listed energy infrastructure businesses in Canada, the substantial deterioration is caused by the Manager (and not by reasons outside the Manager's control) and the Manager fails to remedy the reason for the deterioration in performance by the later of the date that is three months after the ECT Trustees notify the Manager of the performance issue in writing and the date on which the holders of EIFH Shares approve the termination, on a 66⅔% basis, by written resolution or by vote at a meeting of holders of EIFH Shares representing at least 50% of the issued and outstanding EIFH Shares, excluding in each case, EIFH Shares held by the Manager and its Affiliates.

In connection with the 2015 Transaction, provisions in the Management Agreement were amended consistent with the amendments made to the Administration Agreement, except that in respect of the indemnification provisions, the Manager will also not be liable if the loss is attributable to ECT's failure to approve a budget item that was proposed by the Manager.

### **Intercorporate Services Agreements**

Entities within the Fund Group have entered into the Intercorporate Services Agreements with Enbridge and Affiliates of Enbridge for the provision of services relating to the management, administration and day to day operation of the businesses and assets within the Fund Group. The Intercorporate Services Agreement generally provides for the payment of fees for services on a full cost recovery basis as well as reimbursement of reasonable expenses. During the year ended December 31, 2015, the Fund Group paid an aggregate of \$173 million (2014 - \$48 million) to Enbridge and its Affiliates pursuant to Intercorporate Services Agreement.

## **DESCRIPTION OF THE FUND**

The following is a summary of certain terms of the Fund Trust Indenture, which, together with other summary disclosure of the Fund Trust Indenture appearing elsewhere in this AIF are qualified in their entirety by reference to the complete text of the Fund Trust Indenture.

### **GENERAL**

The Fund is an unincorporated open-ended trust established pursuant to the Fund Trust Indenture and the laws of the Province of Alberta. It is a limited purpose trust and its activities are generally restricted to acquiring, holding and dealing with interests in operating investments that are involved in energy infrastructure and related businesses. The Fund's permitted activities also include issuing securities and engaging in financial and other activities ancillary or incidental to its purpose.

## FUND TRUSTEE

CST Trust Company is the Fund Trustee. The Fund Trust Indenture provides that, subject to the specific limitations contained in the Fund Trust Indenture and the direct grant of certain powers to the Manager, as administrator of the Fund, the Fund Trustee has full, absolute and exclusive power, control and authority over the property of the Fund. The Fund Trustee must act honestly and in good faith with a view to the best interests of the Fund and Unitholders. It must also exercise the degree of care, diligence and skill that a reasonably prudent person with similar experience to that of the Fund Trustee would exercise in comparable circumstances.

The Fund Trustee has delegated the execution of certain of its powers to the Manager under the Administration Agreement, and to ECT, under the Fund Delegation Agreement. The Fund Trustee may also delegate the execution of certain of its powers to such other Persons as the Fund Trustee may deem necessary or desirable.

The Fund Trust Indenture provides that the Fund Trustee shall have no liability to any Unitholder unless such liability is the result of a breach of the Fund Trustee's standard of care or its gross negligence, wilful default or fraud. Delegation by the Fund Trustee to the Manager or ECT is deemed to satisfy the Fund Trustee's standard of care. The Fund Trustee shall be indemnified out of the assets of the Fund in respect of any liability and all costs, charges and expenses relating to any action, suit or proceeding or for any taxes or other government charges imposed upon the Fund Trustee in consequence of its performance of its duties, unless it has failed to meet its standard of care or its conduct giving rise to liability amounts to gross negligence, wilful default or fraud. The Fund Trust Indenture also contains other customary provisions limiting the liability of the Fund Trustee.

## RESTRICTIONS ON FUND TRUSTEE'S POWERS

The Fund Trust Indenture sets forth certain matters which require the prior approval of Unitholders. The approval of Unitholders by Ordinary Resolution is required for the Fund Trustee to: (i) vote the ECT Units with respect to any matter which under the ECT Trust Indenture requires or permits approval of the holders of ECT Units by Ordinary Resolution; and (ii) appoint or change the auditors of the Fund, except if the auditors voluntarily resign.

Approval of Unitholders by Special Resolution is required prior to the Fund Trustee taking any of the following actions:

- a) vote the ECT Units with respect to any matter which under the ECT Trust Indenture requires or permits approval of the holders of ECT Units by Special Resolution;
- b) amend the Fund Trust Indenture (except in certain limited circumstances);
- c) sell, lease or exchange all or substantially all of the property of the Fund, other than:
  - i) in the ordinary course of business,
  - ii) *in specie* redemptions permitted under the Fund Trust Indenture, or
  - iii) to acquire ECT Units and ECT Notes in connection with pursuing the purposes of the Fund;
- d) authorize the termination, liquidation or winding-up of the Fund, other than at the end of the term of the Fund (as described under "*Term of the Fund*"); or
- e) authorize the combination or merger or similar transaction between the Fund and any other Person that is not an Affiliate or Associate of the Fund if, following the transaction, the holders (or Affiliates thereof) of equity interests in such Person hold, directly or indirectly, more than 50% of the outstanding voting rights attributable to securities of the issuer which results from such combination, merger or other transaction.

In addition, for so long as there are ECT Preferred Units or ECT Class B Units outstanding, the Fund Trustee shall not undertake issuances or distributions of Fund Units or securities exchangeable into Fund Units, capital changes or reorganizations, or other actions which would negatively impact the Economic Interest unless the same or economically equivalent change is made simultaneously to, or in the rights of, the ECT Preferred Units or ECT Class B Units, as applicable, or unless prior approval is given by the holders of the ECT Preferred Units or ECT Class B Units, as applicable.

In connection with the 2015 Transaction, the Fund Trust Indenture was also amended effective September 1, 2015 to provide: (a) that the Fund Units are exchangeable into EIFH Shares on a one for one basis, subject to adjustment in accordance with the Fund Trust Indenture; (b) holders of Fund Units are entitled to receive non-cumulative distributions on their Fund Units if, as and when declared in accordance with the Fund Trust Indenture, with such distributions to be equal to the per unit amount declared for distribution on the EIPLP Class C Units, ECT Preferred Units and ECT Class B Units for the applicable distribution period; (c) the resolution of conflicts of interest will be resolved in the manner set forth in the ECT Trust Indenture; (d) that subject to certain exceptions and qualifications, Enbridge and its Affiliates may be engaged in any business or activities whatsoever, even if they may be in competition or conflict with the business carried on by, or the interests of, the Fund and its Affiliates; and (e) that disputes under the Fund Trust Indenture will be resolved by negotiation or, failing resolution in the time specified, binding arbitration.

### **AMENDMENTS TO THE FUND TRUST INDENTURE**

Except in certain limited circumstances prescribed in the Fund Trust Indenture, including to: ensure compliance with applicable laws; provide additional protection to Unitholders or preserve or clarify the provision of desirable tax treatment to Unitholders; correct minor errors, inconsistencies or conflicts which will not materially prejudice the rights of Unitholders; make amendments that are necessary or desirable as a result of changes to taxation laws or accounting standards, or in their respective interpretation or administration; make amendments which do not materially prejudice either the rights of the Fund Trustee or of Unitholders; and make amendments to provide Unitholders with the benefit of any legislation limiting their liability, the Fund Trust Indenture may only be amended or altered from time to time by Special Resolution. No amendment may be made to the Fund Trust Indenture to modify the voting rights attributable to Fund Units or to reduce the fractional undivided beneficial interest in the property of the Fund represented by any Fund Unit without the consent of the holder of such Fund Unit and any amendment to such provision requires the consent of all Unitholders.

### **FUND UNITS AND PRINCIPAL HOLDERS**

The beneficial interests in the Fund are represented and constituted by Fund Units. An unlimited number of Fund Units are authorized to be issued and, as at Year End, there were 191,336,918 Fund Units outstanding, of which 97,186,918 Fund Units (50.8%) were held by EIFH and 94,150,000 Fund Units (49.2%) were held by Enbridge. As at Year End, Enbridge and its Affiliates held an aggregate of 19,342,158 EIFH Shares (19.9% of the outstanding EIFH Shares), 87,665,750 ECT Preferred Units, 442,923,363 EIPLP Class C Units and 1,387,161 EIPLP Class D units. The Fund Trust Indenture was amended effective September 1, 2015 to provide that ECT Preferred Units, ECT Class B Units and EIPLP Class C Units, may at the option of the holder, be exchanged at any time and from time to time, in whole or in part, into Fund Units on a one-for-one basis. There are presently no ECT Class B Units issued and outstanding. If the 87,665,750 ECT Preferred Units and the 442,923,363 EIPLP Class C Units were fully exchanged for Fund Units, Enbridge would own 624,739,113 Fund Units, representing 86.5% of the issued and outstanding Fund Units (as at Year End).

## **ISSUANCE OF FUND UNITS AND PRE-EMPTIVE RIGHT**

Fund Units are only to be issued as fully paid and are not to be subject to future calls or assessments, provided that Fund Units may be issued for a consideration payable in instalments and the Fund may take security over any such Fund Units so issued. The Fund Trust Indenture provides EIFH and Enbridge with identical pre-emptive rights to acquire any Fund Units proposed to be issued from treasury in proportion to their respective economic interests in the Fund, inclusive, in the case of Enbridge, of the ECT Preferred Units, ECT Class B Units, EIPLP Class C Units and EIPLP Class D units held by Enbridge.

The authority to determine the timing and terms of future offerings of Fund Units has been delegated by the Fund Trustee to the ECT Trustees. Additional Fund Units may be issued in satisfaction of any non-cash distribution by the Fund to Unitholders. Fund Units are not subject to any restrictions on transfer, but are not listed on any stock exchange or market.

## **REPURCHASE OF FUND UNITS**

The Fund is entitled, from time to time, to offer to purchase Fund Units for cancellation at a price per Fund Unit and on a basis determined by the Fund Trustee in its discretion, in compliance with applicable laws, rules, regulations or policies. The authority to determine the timing and terms of any such repurchase of Fund Units has been delegated by the Fund Trustee to ECT. Any such purchase will constitute an "issuer bid" under Canadian provincial securities legislation and, if not exempt, must be conducted in accordance with the applicable requirements thereof.

## **REDEMPTION OF FUND UNITS**

Fund Units are redeemable at any time at the option of the holder. The redemption price per Fund Unit is equal to the net asset value per Fund Unit as determined in accordance with the formula set forth in the Fund Trust Indenture, which has reference to the market price of the EIFH Shares as well as the non-consolidated assets and liabilities of EIFH. Further, if the Manager determines that the valuation rule applicable to the property specified in the formula does not result in fair value of such property, the Manager may apply such other principle as it determines in order to determine fair value.

Unless waived by the Manager, the maximum amount payable by the Fund in respect of redemptions in any calendar month is limited to \$100,000. 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 *in specie* of Fund property, which may include ECT notes or other assets held by the Fund, as determined in the Manager's discretion. ECT Notes and other assets of the Fund which may be distributed *in specie* to Unitholders in connection with redemption will not be listed on any stock exchange and no market is expected to develop in such ECT Notes or in the other assets of the Fund. ECT Notes and other Fund assets so distributed are expected to be subject to resale restrictions under applicable securities laws.

## **DISTRIBUTIONS**

Unitholders are entitled to receive non-cumulative distributions on their Fund Units in respect of each distribution period if, as and when declared by the Fund Trustee in accordance with the Fund Trust Indenture. See "*Distributions — Fund Distribution Practice*" of this AIF.

## **MEETINGS OF UNITHOLDERS**

The Fund Trust Indenture requires that annual meetings of Unitholders be held within 180 days after the end of each fiscal year end of the Fund, immediately prior to each annual meeting of holders of ECT Units for the purpose of: (a) directing and instructing the Fund Trustee on the voting of the ECT Units held by the Fund in respect of the election of the Elected Trustees and any other matters requiring the approval of holders of ECT Units properly brought before the annual meeting of holders of ECT Units; (b) appointing the auditors of the Fund; and (c) transacting such other business as is properly brought before the meeting.

Special meetings may be called from time to time by either the Fund Trustee, by requisition of Unitholders holding in the aggregate not less than 5% of the Fund Units or by requisition of the ECT Trustees. The Fund Trust Indenture contains provisions as to notice requirements and other procedures for the calling and holding of meetings of Unitholders. Unitholders may attend and vote at all meetings of Unitholders either in person or by proxy and are entitled to one vote for each Fund Unit held. Quorum for Unitholder meetings is one or more Persons present in person or represented by proxy who hold in the aggregate not less than 5% of all votes to be voted at the meeting. A resolution in writing, signed by Unitholders holding a proportion of all of the outstanding votes entitled to be voted and which is equal to or greater than the proportion of votes required to be voted in favour of such resolution at a meeting called to approve such resolution, is valid as if passed at a meeting of Unitholders duly called and convened.

## **TERM OF THE FUND**

The Fund has been established for a term ending 21 years after the date of death of the last surviving issue of Her Majesty, Queen Elizabeth II alive on May 22, 2003 and may be terminated, liquidated or wound-up prior to the expiry of the term by Special Resolution.

## **RIGHT OF FIRST REFUSAL AND TAG-ALONG RIGHTS**

Pursuant to the Unitholders Agreement: (a) Enbridge and IPL System, together, and EIFH, were granted identical rights of first refusal on any Fund Units proposed to be sold by the other pursuant to a *bona fide* third party offer to purchase; and (b) holders of EIFH Shares were granted tag-along rights in the event any Person offers to acquire not less than 90% of the EIPLP Class C Units, EIPLP Class D units, ECT Preferred Units, ECT Class B Units, Fund Units and EIFH Shares beneficially owned by Enbridge and IPL System, taken as a whole, except where such offer is made by way of *bona fide* unsolicited arm's length take-over bid, amalgamation, arrangement or other transaction made in writing to all holders of EIFH Shares for all or a portion of the EIFH Shares in accordance with applicable corporate and securities legislation. The third party offeror is obligated to extend the offer to purchase to the EIFH Shares held by the remaining shareholders of EIFH on economically equivalent terms and conditions. The tag along rights will be of no force and effect if Enbridge or one of its Affiliates ceases to be the Manager pursuant to the Management Agreement.

## **FUNDING SUPPORT AGREEMENT**

The Funding Support Agreement was entered concurrently with the completion of the 2015 Transaction and establishes the procedure through which Enbridge will provide the Fund with any additional capital required to fund the growth capital construction projects of the Fund Group until December 31, 2020 (except for capital relating to the Line 3 Replacement Program, for which Enbridge's funding obligation continues until the completion of the Line 3 Replacement Program) if EIFH elects not to provide such equity capital to the Fund. Enbridge will be obligated to contribute the difference between the additional capital amount required and the amount contributed by EIFH through a subscription for EIPLP Class C Units, ECT Class B Units, Fund Units or a combination thereof. Enbridge is not required to contribute any amounts where there exists or comes to into existence a "Material Adverse Change" (as defined in the Funding Support Agreement) in respect of the Fund.

Pursuant to the Funding Support Agreement, Enbridge has the right to request that EIFH and the Fund Group seek a commercially viable proposal for a financing alternative or other transaction that would generate proceeds to the Fund Group sufficient to satisfy that portion of the additional capital amount that is not being contributed by EIFH. If Enbridge is of the opinion, acting reasonably, that an alternative financing proposal has commercially and financially acceptable terms and would have a commercially reasonable likelihood of being consummated in sufficient time to satisfy the requirement for the additional capital amount sought from Enbridge, then the Fund Group and EIFH will take all reasonable steps necessary or desirable to effect such alternative financing proposal.

## **CREDIT FACILITY**

The Fund has a \$1.5 billion three year extendable, unsecured revolving credit facility which matures on

June 28, 2018. The Credit Facility bears interest at a floating rate based on Canadian bankers' acceptance rates or prime rate plus an applicable margin to those rates and is available for general business purposes, including: (i) working capital requirements, (ii) levelization of distribution payments, (iii) letters of credit, (iv) to fund the growth capital of EPAI and (v) future acquisitions. On an annual basis, the Fund may request a one year extension of the applicable maturity date. Amounts owing under the Credit Facility are unconditionally guaranteed by each of ECT, EIPLP, EIPGP and EIPHI. The credit agreement relating to the Credit Facility contains customary representations, warranties, covenants (including financial covenants and certain restrictions on incurring additional indebtedness) and conditions to funding. The Fund has covenanted that outstanding debt will not exceed 65% of the Fund's book capitalization, calculated pursuant to its amended credit facility agreement, and outstanding debt of EIPLP to 65% of its consolidated book capitalization.

## **MTN's**

The MTN Indenture contains customary representations, warranties and covenants, including certain restrictions on incurring additional indebtedness and granting security. MTNs are direct unsecured obligations of the Fund ranking equally with all other unsecured and unsubordinated indebtedness of the Fund. The Fund's obligations in respect of the MTNs are guaranteed by ECT, EIPLP, EIPGP and EIPHI. The Fund's obligations to pay the principal, premium (if any), interest and all other amounts payable by the Fund under the MTNs will rank in priority to the payment of distributions on the Fund Units. During the year ended December 31, 2015, the Fund did not issue any MTNs.

Computershare Trust Company of Canada is the registrar and transfer agent for the MTNs at its principal offices in Calgary, Alberta and Toronto, Ontario.

## **INVESTMENTS**

Money or other property received by the Fund or by the Fund Trustee on behalf of the Fund, may be used, at any time and from time to time, for any purpose not inconsistent with the Fund Trust Indenture and the purposes of the Fund, including without limitation, acquiring additional ECT Units or ECT Notes, making acquisitions and investments, or making distributions and redemptions. The Manager is required to exercise commercially reasonable efforts to ensure that the Fund complies with the requirements of paragraph 108(2)(a) of the *Income Tax Act* (Canada).

## **DESCRIPTION OF ECT**

The ECT Trust Indenture contains provisions substantially similar to those of the Fund Trust Indenture. The principal differences between the ECT Trust Indenture and the Fund Trust Indenture are described below. The following is a summary only and is qualified in its entirety by reference to the complete text of the ECT Trust Indenture and the Fund Trust Indenture.

## **GENERAL**

ECT is an unincorporated trust established pursuant to the ECT Trust Indenture and the laws of the Province of Alberta. ECT's activities are restricted to the direct or indirect conduct of the business of, or activities pertaining to, energy infrastructure including the ownership, operation and lease of assets and property, investments, and other rights or interests in companies or other entities involved in the energy infrastructure business and engaging in all activities ancillary or incidental to the foregoing. ECT may acquire, own, hold, lease, transfer, dispose of, invest in, operate and otherwise deal with assets, securities and other interests or properties of whatever nature or kind issued by Persons involved, directly or indirectly, in the business or activities pertaining or related to energy infrastructure. In connection with the foregoing purposes, ECT may borrow monies and otherwise incur indebtedness, guarantee the debts and liabilities of any Person, hold cash and short-term investments, issue securities, repurchase or redeem securities.



## UNITS OF ECT

ECT has three classes of units: ECT Units, ECT Preferred Units and ECT Class B Units, which may be issued as fully paid and are not subject to future calls or assessments. The ECT Preferred Units and the ECT Class B Units are each issuable in series, non-voting except as to certain matters and except for the issuance price and repurchase price, are equal in all respects, without discrimination, preference or priority including in respect of the payment of distributions, the distribution of assets of ECT in the event of any liquidation, dissolution or winding up of ECT, or other distribution of assets of ECT for the purpose of winding up its affairs. As at Year End, there were 280,314,387 ECT Units (all of which are owned by the Fund), 87,665,750 ECT Preferred Units (38,023,750 ECT Preferred Units, Series 1, 16,051,000 ECT Preferred Units, Series 2, 13,159,000 ECT Preferred Units, Series 3, 5,232,000 ECT Preferred Units, Series 4 and 15,200,000 ECT Preferred Units, Series 5) (all of which are owned by Enbridge) and no ECT Class B Units outstanding.

Except in respect of meetings of holders of ECT Preferred Units or ECT Class B Units, the holders of ECT Units are entitled to receive notice of and to attend all annual and special meetings of the ECT Unitholders and are entitled to one vote in respect of each ECT Unit held at all such meetings. Holders of ECT Preferred Units and ECT Class B Units are not entitled to receive notice of or to attend any meeting of the ECT Unitholders or vote at any such meeting, except for meetings of the holders of ECT Preferred Units or ECT Class B Units called: (i) to consider and, if deemed appropriate, approve by Special Resolution any proposed amendments to the rights, privileges, restrictions and conditions attaching to the ECT Preferred Units or ECT Class B Units, as applicable and (ii) to consider and, if deemed appropriate, approve by Special Resolution any action, matter or thing which affects the holders of ECT Preferred Units or ECT Class B Units in a manner which is different from the holders of the ECT Units. At such meetings, each holder of ECT Preferred Units or ECT Class B Units is entitled to one vote in respect of each ECT Preferred Unit or ECT Class B Unit held.

The holders of ECT Units, ECT Preferred Units and ECT Class B Units shall be entitled to receive non-cumulative distributions if, as and when declared by the ECT Trustees in accordance with the provisions of the ECT Trust Indenture. Distributions on ECT Preferred Units and ECT Class B Units shall be declared and paid in the same amount and manner as distributions on the Fund Units for a distribution period.

In the event of the liquidation, dissolution or winding up of ECT or other distribution of assets of ECT among the ECT Unitholders for the purpose of winding up the affairs of ECT, before any amount shall be paid, or any property of ECT shall be distributed, to holders of ECT Units, the holders of the ECT Preferred Units are entitled to receive from the assets of ECT a sum equivalent to \$10.00 per ECT Preferred Unit, Series 1, \$18.75 per ECT Preferred Unit, Series 2, \$23.15 per ECT Preferred Unit, Series 3, \$25 per ECT Preferred Unit, Series 4 and \$30.35 per ECT Preferred Unit, Series 5 and the holders of ECT Class B Units shall be entitled to receive an amount equal to the issuance price of the ECT Class B Unit. Thereafter, only the holders of ECT Units are entitled to further distributions of the assets of ECT for the purpose of the liquidation, dissolution or winding up of its affairs.

The ECT Preferred Units and the ECT Class B Units may, at the option of the holder, be exchanged in whole or in part, at any time and from time to time, for Fund Units or EIFH Shares on a one-for-one basis. Further, EIPLP Class C Units may be exchanged at the option of the holder, in whole or in part, at any time, and from time to time, for ECT Preferred Units or ECT Class B Units, provided that the aggregate issued and outstanding ECT Preferred Units and ECT Class B Units outstanding at any time cannot exceed 87,665,750 units (subject to adjustment). Pursuant to the ECT Trust Indenture, any securities to be exchanged pursuant to the Exchange Right in excess of such number shall be deemed to be immediately exchanged into Fund Units.

The ECT Preferred Units mature on June 30, 2050, at which time ECT is obligated to redeem all of the then outstanding ECT Preferred Units for a price of \$10.00 per ECT Preferred Unit, Series 1, \$18.75 per ECT Preferred Unit, Series 2, \$23.15 per ECT Preferred Unit, Series 3, \$25.00 per ECT Preferred Unit, Series 4

and \$30.35 per ECT Preferred Unit, Series 5. The ECT Trust Indenture provides Enbridge and its Affiliates owning ECT Preferred Units with a pre-emptive right in the event of an issuance of Fund Units from treasury, to acquire ECT Preferred Units in order to maintain their proportionate holdings of ECT Preferred Units to the aggregate issued and outstanding Fund Units and ECT Preferred Units.

## **FUND TRUSTEES/GOVERNANCE**

ECT is required to have 11 ECT Trustees, however, the number of ECT Trustees may be increased from time to time by the appointment or election of one or more additional ECT Trustees with the consent of Enbridge and a majority of the Elected Trustees. The number and composition of ECT Trustees is to be determined from time to time by reference to the Economic Interest, as follows:

- a) more than 0.01% but less than 10% – Enbridge shall have the right to appoint three of 11 ECT Trustees, provided that Enbridge or one of its Affiliates is the Manager pursuant to the Management Agreement;
- b) equal to or more than 10% but less than 30% – Enbridge shall have the right to appoint four of 11 ECT Trustees;
- c) equal to or more than 30% but less than 50% – Enbridge shall have the right to appoint five of 11 ECT Trustees; and
- d) equal to or more than 50% – Enbridge shall have the right to appoint seven of 11 Trustees,

and the remaining ECT Trustees shall be Elected Trustees. Where the number of ECT Trustees is increased above 11, the proportionate number of Enbridge appointed ECT Trustees and Elected Trustees shall be based on the Economic Interest, with Enbridge being entitled to appoint to the next greatest whole number where its entitlement is a fraction so long as it does not result in Enbridge appointing more than one half of the total number of ECT Trustees when its Economic Interest is less than 50%. Further, for so long as EIFH is a reporting issuer in any Canadian jurisdiction, at least three of the ECT Trustees must be Elected Trustees.

The term of office of each of the ECT Trustees expires at each annual meeting of ECT Unitholders (if an election or appointment of ECT Trustees is held at such meeting) or if such meeting does not occur, at the time at which his/her successor is elected or appointed, or earlier if an ECT Trustee otherwise resigns, dies, is removed or is disqualified pursuant to the terms of the ECT Trust Indenture. An Elected Trustee may be removed at any time with or without cause by Ordinary Resolution or to facilitate the composition of Enbridge appointed ECT Trustees. Only Enbridge alone may remove an Enbridge appointed ECT Trustee from office.

The ECT Trust Indenture provides that the ECT Trustees must act honestly and in good faith with a view to the best interests of ECT and the ECT Unitholders and, in connection therewith, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Delegation by the ECT Trustees to the Manager is deemed to satisfy the ECT Trustees' standard of care with respect to performance of the duties so delegated. The ECT Trust Indenture provides that an ECT Trustee is entitled to indemnification from ECT in respect of the performance of his duties under the ECT Trust Indenture if (i) he or she acted honestly and in good faith with a view to the best interests of ECT and the ECT Unitholders and (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing his or her conduct was lawful.

Independent ECT Trustees are entitled to such reasonable remuneration as the ECT Trustees may determine from time to time, as well as reimbursement of their out-of-pocket expenses incurred in acting as an ECT Trustee.

## **POWERS OF AND RESTRICTIONS ON ECT TRUSTEES**

The ECT Board, subject only to the specified limitations set forth in the ECT Trust Indenture, have absolute and exclusive power, control and authority over the trust property and affairs of ECT to do all such acts and things as, in their sole judgment and discretion, is necessary, incidental to, or desirable for, carrying out the

purposes for which ECT was created. The ECT Trust Indenture provides that the ECT Board may not, without the approval of ECT Unitholders by Ordinary Resolution:

- a) take any action upon any matter which under applicable law (including policies of Canadian securities commissions) would require the approval of ECT Unitholders by Ordinary Resolution (as defined or described in such laws, policies or rules) had ECT been a reporting issuer (or equivalent) in the jurisdictions in which the Fund is a reporting issuer (or equivalent);
- b) subject to the provisions of the ECT Trust Indenture, elect the Elected Trustees; or
- c) appoint, change or dispense with the appointment of auditors of ECT, except in limited circumstances.

Furthermore, the ECT Trust Indenture states that the ECT Board may not, without the approval of the ECT Unitholders by Special Resolution:

- a) take any action upon any matter which under applicable law (including policies of Canadian securities commissions) would require the approval of ECT Unitholders by special resolution or super-majority (as defined or described in such laws, policies or rules) had ECT been a reporting issuer (or equivalent);
- b) amend the ECT Trust Indenture except in certain limited circumstances similar to those under which the Fund Trust Indenture may be amended without consent of Unitholders;
- c) sell, lease or exchange all or substantially all of the property of ECT other than in the ordinary course of business;
- d) authorize the termination, liquidation or winding-up of ECT, other than at the end of the term of ECT; or
- e) except in limited circumstances, authorize the combination, merger or similar transaction between ECT and any other Person that is not an Affiliate of ECT.

If a matter requires a vote of the ECT Unitholders and the Fund then holds ECT Units, a vote of the Unitholders on the matter must first be held in accordance with the provisions of the Fund Trust Indenture in order to direct a vote of the ECT Units held by the Fund.

The ECT Trust Indenture provides that a material change to the Management Agreement (including any increase in fees or other amounts payable by ECT thereunder) and the terms of any agreement entered into by ECT or any member of the Fund Group with an ECT Trustee who is not an Independent ECT Trustee, or with the Manager or any Affiliate of the Manager, must be reviewed by the Conflicts Committee.

Certain matters that impact the holders of ECT Preferred Units or ECT Class B Units must be approved by such holders by Special Resolution. See "*Description of ECT - Units of ECT*" of this AIF.

## **DISTRIBUTIONS**

Holders are entitled to receive non-cumulative distributions on their ECT Units, ECT Preferred Units and ECT Class B Units in respect of each distribution period if, as and when declared by the ECT Trustees in accordance with the ECT Trust Indenture. The distribution declared payable on each ECT Preferred Unit and ECT Class B Unit will be equal to the distribution declared on each Fund Unit and EIPLP Class C Unit for and in respect of a distribution period and is calculated with reference to the aggregate number of then outstanding Fund Units, ECT Preferred Units, ECT Class B Units and EIPLP Class C Units and subject to the prior payment of distributions on the EIPLP Special Interest Rights, EIPLP Class E unit and EIPLP Class F unit. The aggregate amount of the distribution declared on the ECT Units for the same month is the balance of the distributable cash of ECT for such month, after deducting the aggregate distribution declared payable on all ECT Preferred Units and ECT Class B Units.

## **MEETINGS OF ECT UNITHOLDERS**

Meetings of holders of ECT Units are to be held annually not later than 180 days after the end of ECT's fiscal year end for the purpose of electing the Elected Trustees, appointing or waiving the appointment of auditors of ECT and transacting such other business as the ECT Trustees may determine or as may properly be brought before the meeting. The Fund Trustee is required to vote the Fund's ECT Units at any such meeting as directed by Unitholders as described under "*Powers of and Restrictions on ECT Trustees*" of this AIF. Meetings of holders of ECT Preferred Units and/or ECT Class B Units may also be held to deal with matters requiring the approval of such holders. Special meetings may be called from time to time by either the ECT Trustees or by requisition of holders holding in the aggregate not less than 5% of the ECT Units, ECT Preferred Units or ECT Class B Units, as applicable. The ECT Trust Indenture contains provisions as to notice requirements and other procedures for the calling and holding of meetings of ECT Unitholders. ECT Unitholders may attend and vote at meetings either in person or by proxy and are entitled to one vote for each ECT Unit, ECT Preferred Unit or ECT Class B Unit held, as applicable. Quorum for ECT Unitholder meetings is one or more Persons present in person or represented by proxy who hold in the aggregate not less than 5% of all votes to be voted at the meeting.

A resolution in writing, signed by ECT Unitholders holding a proportion of all of the outstanding votes entitled to be voted and which is equal to or greater than the proportion of votes required to be voted in favour of such resolution at a meeting called to approve such resolution, is valid as if passed at a meeting of ECT Unitholders duly called and convened.

## **REDEMPTIONS OF ECT UNITS**

The ECT Units are redeemable at any time on demand by the holders thereof upon delivery to ECT of a duly completed and properly executed notice requiring ECT to redeem the ECT Units, in a form reasonably acceptable to the ECT Trustees, together with the certificates representing the ECT Units to be redeemed and written instructions as to the number of ECT Units to be redeemed. Upon tender of ECT Units by a holder thereof for redemption, the holder of the ECT Units tendered for redemption will no longer have any rights with respect to such ECT Units other than the right to receive the redemption price for such ECT Units (calculated in accordance with the ECT Trust Indenture) and the right to receive distributions in respect of such ECT Units as were declared payable to holders of record on a date prior to the date of tender for redemption.

ECT may also call for redemption, at any time, all or any part of the outstanding ECT Units registered in the name of holders thereof (other than those registered in the name of the Fund) at the same redemption price as described above for each ECT Unit called for redemption, calculated with reference to the date the ECT Trustees approved the redemption of ECT Units as opposed to the close of business on the date the ECT Units are tendered for redemption.

## **CONFLICTS**

In connection with the 2015 Transaction, effective September 1, 2015, the provisions relating to conflicts of interest in ECT Trust Indenture were amended, including the creation of a Conflicts Committee consisting of Elected Trustees. See "*Conflicts of Interest*" of this AIF.

## **DELEGATION BY ECT TRUSTEES**

The ECT Trust Indenture authorizes ECT and the ECT Board to grant and delegate to the Manager such authority and powers as set forth in the Management Agreement as well as such powers as the ECT Trustees may, in their sole discretion, deem necessary or desirable in connection with advancing the business and interests of ECT. Pursuant to the terms of the Management Agreement, the Manager has been delegated broad discretion to administer and manage the business and operations of ECT. The ECT Trustees may, in their absolute discretion, authorize a delegate to further sub-delegate any delegated powers and authorities. The ECT Trust Indenture provides that delegation to the Manager or a sub-delegate is deemed to satisfy the ECT Trustees' standard of care with respect to performance of the duties

so delegated, and the ECT Trustees shall have no liability for any act or omission of the Manager or any delegates of the Manager.

## **ECT NOTES**

ECT Notes are unsecured debt obligations of ECT, issuable in series on the terms and conditions set forth in the ECT Note Indenture, with the Series 2 notes and Series 3 notes to rank equally with each other and in priority to the Series 1 notes. The ECT Series 1 notes are either payable on demand or mature on a date determined at the time of issuance and may be either interest or non-interest bearing. If interest-bearing, the rate of interest and interest payment dates will be determined at the time of issuance. The ECT Notes are redeemable at the option of ECT prior to maturity. In the event ECT chooses to redeem some or all of the ECT Series 1 notes, the ECT Trustees may, in their discretion, issue ECT Series 3 Notes in full or partial payment of the redemption price for the ECT Series 1 notes. Payment of the principal amount and interest on the ECT Notes is subordinated in right of payment to the prior payment in full of amounts owing in respect of all senior indebtedness and holders of senior indebtedness are entitled to receive payment in full prior to holders of ECT Notes upon any distribution of the assets of ECT pursuant to any dissolution, liquidation, reorganization or other similar proceedings involving ECT.

ECT has issued Series 1 notes to the Fund in order to provide financing to the Fund Group in the aggregate sum of \$511.4 million, with interest rates ranging from 0% to 7.00%. Some of the Series 1 notes are payable on demand and others provide for fixed maturity dates, ranging from 2017 to 2020.

## **THE FUND'S GOVERNANCE PRACTICES**

The Manager and the ECT Trustees are committed to maintaining a high standard of corporate governance for the Fund and have continued to assess the Fund's governance policies and practices on an ongoing basis in light of regulatory initiatives in Canada that have been adopted to improve corporate governance, as well as the evolving standards and expectations for governance in the Canadian capital markets.

The primary national governance related regulatory initiatives in Canada are NI 58-101 which requires reporting issuers to disclose the corporate governance practices that they have adopted and NP 58-201 which provides guidance on governance practices. The Fund is also subject to NI 52-110, which prescribes certain requirements in relation to audit committees. The Manager and the ECT Trustees are of the view that the Fund's governance structures, systems and practices generally conform with the guidelines in NP 58-201, to the extent consistent with the structure of the Fund and ECT and the terms of the Fund Trust Indenture, the ECT Trust Indenture and the other agreements to which the Fund and ECT are parties.

Disclosure of the Fund's governance practices, as required by Form 58-101F2, is set out below.

## **GENERAL**

In exercising its powers and discharging its duties under the Administration Agreement and the Fund Trust Indenture, the Manager is required to act with the same degree of diligence and care that a reasonably prudent administrator of an income fund in Canada, having responsibilities of a similar nature to those set forth in the Administration Agreement and the Fund Trust Indenture, would exercise in comparable circumstances. Similar obligations are placed on the Manager in respect of the discharge of its duties under the Management Agreement and the ECT Trust Indenture. Both the Administration Agreement and Management Agreement are filed on SEDAR at [www.sedar.com](http://www.sedar.com) and also summarized under "*Trustees, AFR Committee and Management - Management Contracts*" of this AIF.

The duties of the ECT Trustees are set out in the ECT Trust Indenture. The ECT Board reviews, monitors and approves the annual management plan and strategic plan prepared by the Manager as well as any material deviations from a previously approved management plan or strategic plan. The ECT Board is

also responsible for understanding the principal risks associated with the Fund Group's business and reviewing the implementation of risk management systems with the Manager.

The AFR Committee has also engaged the services of the Enbridge Internal Audit Services group to provide internal audit services directly to ECT and the Fund and support the ECT Board in its governance related duties. The Enbridge Internal Audit Services group is responsible for using a systematic and disciplined approach to independently evaluate and recommend improvements to the effectiveness of ECT and the Fund's risk management, control and governance processes.

While day to day management of the Fund and ECT has been generally delegated to the Manager, the ECT Trustees fulfill their responsibility for the broader stewardship of the Fund Group's assets and businesses through the structures, activities and procedures described in this section.

## THE ECT BOARD

As at Year End, there were ten ECT Trustees, including four Elected Trustees. Ms. Cannon, an Elected Trustee resigned on November 4, 2015. All ECT Trustees are Independent ECT Trustees except for J. Richard Bird, D. Guy Jarvis, Al Monaco and John K. Whelen, as they are all current or former executive officers of Enbridge. Additional information about the ECT Trustees is provided under "Trustees, AFR Committee and Management - ECT Trustees" of this AIF.

## DIRECTORSHIPS

The following ECT Trustees are also directors (or equivalent) of the reporting issuers set forth below:

Name of ECT Trustee	Name of Issuer	Stock Exchange Listing
J. Richard Bird	Bird Construction Inc. Enbridge Energy Management, L.L.C. Enbridge Energy Partners, L.P. (Director of the general partner, Enbridge Energy Company, Inc.) Enbridge Income Fund Holdings Inc. Enbridge Pipelines Inc. Gaz Métro inc.	TSX NYSE NYSE  TSX - -
J. Herb England	Enbridge Inc. Enbridge Energy Management, L.L.C. Enbridge Energy Partners, L.P. (Director of the general partner, Enbridge Energy Company, Inc.) Enbridge Gas Distribution Inc. Enbridge Pipelines Inc. FuelCell Energy, Inc.	TSX/NYSE NYSE NYSE  - - NASDAQ
Charles W. Fischer	Enbridge Inc. Enbridge Income Fund Holdings Inc. Enbridge Pipelines Inc. Pure Technologies Ltd.	TSX/NYSE TSX - TSX
Brian E. Frank	Enbridge Income Fund Holdings Inc. Enbridge Pipelines Inc.	TSX -
D. Guy Jarvis	Enbridge Energy Management, L.L.C. Enbridge Energy Partners, L.P. (Director of the general partner, Enbridge Energy Company, Inc.) Enbridge Pipelines Inc.	NYSE NYSE  -
Al Monaco	Enbridge Inc. Enbridge Pipelines Inc. Enbridge Gas Distribution Inc.	TSX/NYSE - -
E.F.H. (Harry) Roberts	Canadian Oil Sands Limited Enbridge Income Fund Holdings Inc. Enbridge Pipelines Inc.	TSX TSX N/A

Name of ECT Trustee	Name of Issuer	Stock Exchange Listing
Bruce G. Waterman	Enbridge Income Fund Holdings Inc. Enbridge Pipelines Inc. Encana Corporation	TSX - TSX/NYSE
John K. Whelen	Enbridge Energy Management, L.L.C. Enbridge Energy Partners, L.P. (Director of the general partner, Enbridge Energy Company, Inc.) Enbridge Pipelines Inc. Enbridge Gas Distribution Inc.	NYSE NYSE - -
Catherine L. Williams	Enbridge Inc. Enbridge Pipelines Inc. Vermillion Energy Inc.	TSX/NYSE - TSX/NYSE

## ORIENTATION AND CONTINUING EDUCATION

The ECT Trustees receive presentations on the business and operations of the Fund's principal assets, as well as a comprehensive overview of the Fund Group's governance, controls and management systems, structures, policies and procedures, as applicable. Each ECT Trustee has also been provided with a Trustees' Manual that contains current general information about the Fund and its structure as well as copies of the Fund's key policies including disclosure and insider trading policies, copies of the Fund's material contracts and copies of the Terms of Reference for the ECT Board, AFR Committee and for the individual trustee. New ECT Trustees will receive orientation presentations and information as well as the opportunity to meet with representatives of the Manager.

ECT Trustees attend an annual strategic planning session, receive continuing education and make periodic site visits to view the operations of the Fund Group's investments, receive regular operational and project updates from management and periodic presentations outside of formal board meeting times, from internal and external subject matter experts on topics including operational, economic, strategic, financial, accounting, risk, legal and governance matters relevant to the Fund Group.

## ETHICAL BUSINESS CONDUCT

Since neither the Fund nor any members of the Fund Group have employees and the day-to-day management and administration of the Fund Group's businesses have been delegated to the Manager, the ECT Board has not adopted a written code on ethical business conduct. However, both Enbridge and Alliance have adopted written codes of ethical business conduct that apply to nearly all of the individuals involved in the operation and management of the businesses in which the Fund Group hold investments. Copies of these codes have been filed by Enbridge and Alliance, respectively, on SEDAR at [www.sedar.com](http://www.sedar.com). To monitor compliance with these codes, the ECT Trustees have established a process for annually soliciting a report regarding compliance with these respective codes, as applicable to the Fund Group's investments.

The ECT Trust Indenture also contains requirements intended to ensure the ECT Trustees exercise independent judgment in considering transactions and agreements to which an ECT Trustee, or an officer of the Manager or an Affiliate of the Manager, is a party or in relation to which any of them has a material interest. Generally speaking, these provisions require disclosure of the interest, limit participation of the affected ECT Trustee in decisions relating to the applicable transaction or agreement, and provide for review by the Conflicts Committee in certain cases. The Terms of Reference for an individual ECT Trustee also impose explicit duties on ECT Trustees themselves to speak and act independently as well as identify and appropriately address any potential personal or business related conflicts, real or perceived, that arise in connection with their role as an ECT Trustee.

Under the Terms of Reference for the ECT Board, the ECT Trustees explicitly assume responsibility for requiring that the Manager operate at all times within applicable laws and regulations and to the highest ethical and moral standards. In addition, all of the directors and officers of the Manager are also employees of Enbridge and are subject to Enbridge's Statement on Business Conduct.

## NOMINATION OF INDEPENDENT ECT TRUSTEES

Pursuant to the ECT Trust Indenture, Enbridge is currently entitled to appoint seven of 11 ECT Trustees. The remaining ECT Trustees are Elected Trustees. The ECT Trust Indenture provides for the constitution of a Nominating Committee comprised of Independent ECT Trustees, with an equal number of Elected Trustees and of ECT Trustees who are appointed by Enbridge to nominate candidates for appointment or election as an Elected Trustee. The ECT Nominating Committee may engage an independent recruitment firm to locate suitable candidates. Candidates recommended by the ECT Nominating Committee are proposed for appointment by the ECT Board (if to fill a vacancy) or election by ECT Unitholders. Only Enbridge has the right to fill a vacancy of an ECT Trustee appointed by Enbridge.

As part of the assessment process, the ECT Trustees regularly consider the mix of skill sets and experience represented on the ECT Board, in relation to its effectiveness and the Fund Group's needs. No predetermined mix of skill sets or experience is mandated, rather the process involves ongoing assessment to determine the requirements at the time that vacancies or potential vacancies are identified. The Manager and the ECT Trustees have established an experience matrix that shows the ECT Trustees' collective mix of experience in the following 13 categories that are considered important to the Fund Group's business, and apply to succession planning and recruiting activities for the ECT Board, when needed:

- (1) experience in driving strategic direction and leading growth of an organization;
- (2) experience in working in a major organization with global operations where the Fund is or could be active;
- (3) experience as a chief executive officer or senior officer of a publicly listed company or major organization;
- (4) experience as a board member of a publicly listed company or major organization;
- (5) experience in the oil and gas/energy (including pipelines) industries and knowledge of markets, financial and operational issues, regulatory concerns and technology;
- (6) understanding the constituents of sound sustainable development practices and their relevance to corporate success;
- (7) marketing experience in the energy marketing industry combined with a strong knowledge of market participants;
- (8) experience in investment banking or in major mergers and acquisitions;
- (9) experience in financial accounting and reporting and corporate finance, especially with respect to debt and equity markets and familiarity with internal financial controls, US GAAP and/or IFRS;
- (10) experience in information technology with major implementation of management systems;
- (11) thorough understanding of industry regulations and public policy, and leading practices of workplace safety, health, environment and social responsibility;
- (12) experience in, or a strong understanding of, the workings of government and public policy in Canada and internationally; and
- (13) experience in sectors which the Fund is developing or hopes to develop a presence, including power generation and new energy technologies.

The following table sets out the skills and expertise of each of the ECT Trustees:



Skill	Bird	England	Fischer	Frank	Jarvis	Monaco	Roberts	Waterman	Whelen	Williams
Managing and Leading Growth	•	•	•	•	•	•	•	•	•	•
International	•	•	•	•			•	•		•
Chief Executive Officer/Senior Officer	•	•	•	•	•	•	•	•	•	•
Governance/Board	•	•	•	•	•	•	•	•	•	•
Operations	•		•	•	•	•	•	•	•	•
Sustainable Development		•	•	•	•	•		•		•
Marketing Expertise			•	•	•	•				
Human Resources/ Compensation	•	•	•	•	•	•	•	•	•	•
Investment Banking/Mergers & Acquisitions	•	•	•	•	•	•	•	•	•	•
Finance	•	•	•	•	•	•	•	•	•	•
Information Technology			•	•	•		•	•	•	•
Health, Safety, Environmental and Social Responsibility	•	•	•	•	•	•	•		•	
Government Relations	•	•	•	•	•	•		•		
Emerging Sectors	•	•	•	•	•	•			•	

## COMPENSATION

The Fund and members of the Fund Group do not have any employees. The Manager is responsible for the Fund's day to day business and is compensated in accordance with the agreements described in "Trustees, AFR Committee and Management - Management Contracts" of this AIF. The Fund's operating investments are managed through service agreements and relationships. All of the officers and directors of the Manager are employees of Enbridge and Enbridge has sole and exclusive authority to determine the compensation of these individuals. Their remuneration is paid directly by Enbridge, rather than the Fund, ECT, any of member of the Fund Group or the Manager. No portion of the compensation paid by Enbridge to Mr. Schuldhaus and Ms. Opheim, the officers of the Manager who signed the certificates to comply with National Instrument 52-109 - *Certification of Disclosure in Issuers; Annual and Interim Filings* during 2015, is directly or solely related to the services they provide to the Fund. The ECT Trustees who are executive officers of Enbridge do not receive compensation for acting in the capacity as an ECT Trustee.

As individual executive compensation is not within the scope of the ECT Board's duties, it does not have a compensation committee.

The current compensation program for Independent ECT Trustees was approved by the ECT Board on November 3, 2014 and is currently under review as a result of the governance changes arising from the 2015 Transaction. The Manager has engaged an independent consultant to assist in the review and expects to bring a recommendation to the ECT Board in early 2016.

The Manager generally reviews the compensation program for the Independent ECT Trustees, including the Chairman and the chair of any committees, on an annual basis. In doing so, the Manager considers known general industry marketplace practices and conditions, the roles and responsibilities of the ECT Trustees and also benchmarks the ECT Trustees' compensation program in comparison with the programs of a suitable peer group. The Manager may also engage the services of an outside consultant to provide specific support in evaluating these factors. If changes are deemed appropriate to the

Independent ECT Trustee compensation program, the Manager makes recommendations to the ECT Board.

## **OTHER BOARD COMMITTEES**

The ECT Board has an AFR Committee, Conflicts Committee, Safety & Reliability Committee and Nominating Committee. It annually evaluates its committee structure with reference to board effectiveness and the Fund's needs as part of the assessment process and will establish ad hoc committees, which may be comprised of all Independent ECT Trustees or Elected Trustees, if warranted. Ad hoc committees may retain their own independent legal, financial and tax advisors or consultants to support its mandate.

## **ASSESSMENTS**

The ECT Trustees conduct an annual survey of all ECT Trustees to assess the effectiveness of the ECT Board as a group and the AFR Committee as a group. The assessment program also involves an individual peer assessment of each ECT Trustee, including the effectiveness of the Chair of the ECT Board and the Chair of the AFR Committee. Each ECT Trustee or member of the AFR Committee, as applicable, completes a written survey and returns the survey to the Corporate Secretary of the Manager, who compiles the results under the supervision of either the Chair of the ECT Board or the Chair of the AFR Committee, as applicable. The Chair of the ECT Board and Chair of the AFR Committee then present the results to the ECT Board and the AFR Committee, respectively and individual ECT Trustees are provided with their respective peer review.

## **TRUSTEE TERM LIMITS**

The ECT Board adopted an ECT Trustee Retirement Policy on May 5, 2008, which provides for mandatory retirement at the next annual meeting of Unitholders following an ECT Trustee attaining the age of 70, unless prior to reaching the age of 70 he or she has requested a two year extension and such extension has been unanimously approved by the ECT Trustees then in office. In such case, the ECT Trustee may continue to serve until the first annual meeting of unitholders of the Fund following his or her 72<sup>nd</sup> birthday. A peer review must be completed in the 12 month period prior to the vote on the two year extension and an extending ECT Trustee is not eligible to be the Chair of the ECT Board or the Chair of any ECT Board committee.

## **DIVERSITY POLICY**

The ECT Board adopted a written Diversity Policy on February 9, 2015, which applies to the ECT Board and the Manager relating to the identification and nomination/appointment of qualified individuals. The Diversity Policy recognizes that a diverse board and management will enhance decision making by utilizing differences in perspective, which is important for effective corporate governance and commercial success of the Fund. The Diversity Policy provides that Board shall seek to fill vacancies based on merit, but shall also consider candidates that bring a diversity of background and industry or related expertise and experience to the Board, including professional experience, educational background, skills and knowledge, as well as diversity considerations such as gender, age, ethnicity, nationality and cultural background. In identifying candidates for appointment as senior management of the Manger, the Manager shall consider candidates based on the same criteria. In identifying candidates for appointment as officers of the Manger providing services to the Fund, the Manager shall consider candidates based on the afore-described criteria as well as merit. In addition, the Manager shall aspire to have at least one-third of such officer roles occupied by women.

During 2015, two of 11 (18.2%) ECT Trustees were women, however, with the resignation of Dr. Cannon in November 2015, female representation dropped to one of ten (10%). Three of the five (60%) officer positions in the Manager, which provides management services to the Fund Group, were held by women. The Diversity Policy provides that the Manager will monitor the implementation of the policy and report to

the ECT Board on the achievement of the measurable objectives for promoting diversity. The Diversity Policy will be reviewed periodically.

As a result of the 2015 Transaction, Enbridge is entitled to appoint seven of 11 ECT Trustees. Of the seven ECT Trustees appointed by Enbridge, one (14.8%) is a woman. Enbridge has adopted a written diversity policy and has set an aspirational target that at least one-third of its independent directors be comprised of women. The ECT Board has determined that it would be appropriate to adopt the same aspirational target and has set an aspirational target that at least one-third of the Elected Trustees be women. The ECT Board and prior *ad hoc* nominating committees have considered the level of representation of women in identifying and nominating candidates for election or appointment of Elected Trustees to the Board by instructing independent executive search firms to assist in the identification of qualified women candidates, and this will be a consideration when a replacement is sought to fill the vacancy on the ECT Board resulting from Dr. Cannon's resignation.

Enbridge also aspires to have at least one-third of senior management roles at Enbridge occupied by women. The officers of the Manager who provide services to the Fund Group are determined solely by the Manager, a wholly-owned subsidiary of Enbridge. As such, the ECT Board determined that it would be appropriate to be consistent with the Enbridge aspirational target and has set an aspirational target that at least one-third of the senior management roles for the Fund Group will be held by women.

## **CONFLICTS OF INTEREST AND FIDUCIARY DUTIES**

Certain conflicts of interest could arise as a result of the relationships among Enbridge, the Manager, the Fund, ECT, EIFH and the members of the Fund Group. Enbridge will, directly or indirectly through its Affiliates, including the Manager and EIPLP, make decisions and recommendations relating to the Fund Group and its assets, businesses and investments. Certain of the ECT Trustees and the directors and senior officers of the Manager are officers and employees of Enbridge and/or its Affiliates, which creates the potential for conflicts of interest. This risk is, in part, mitigated by the requirement for review of material transactions between the Fund Group and the Manager or any of its Affiliates by the Conflicts Committee, which is comprised solely of Elected Trustees.

The Fund and members of the Fund Group do not have any employees and are, and will continue to be, dependent upon Enbridge and its Affiliates for management, administrative and operating services in connection with the Fund Group's investments, businesses and affairs. The directors and officers of Enbridge and the Manager have fiduciary duties to manage Enbridge and the Manager, respectively, including investments in Subsidiaries, in a manner beneficial to Enbridge and the Manager. Certain directors and officers of Enbridge and the Manager may also be directors, trustees or officers (or perform similar functions) of certain entities within the Fund Group, including being ECT Trustees. As such, the duties of the directors and officers of Enbridge and the Manager to such entities may come into conflict with their duties as an ECT Trustee or as a director or officer of any of the members of the Fund Group.

Each of the Fund Trust Indenture, the Administration Agreement, the Management Agreement and the Intercorporate Services Agreement provide that where the interests of Enbridge or its Affiliates and the relevant entity in the Fund Group or its Affiliates come into conflict, any resolution or action taken by the Manager or EIPGP, or their respective Affiliates, as applicable, in connection therewith will be subject to the terms and conditions set forth in the ECT Trust Indenture. The ECT Trust Indenture provides that such conflict will be permitted and deemed approved if the resolution or course of action is:

- (a) determined by the Manager to be on terms no less favourable to ECT than those generally being provided to or available from unrelated third parties;
- (b) determined by the ECT Trustees to be fair and reasonable to ECT, taking into account the totality of the relationships between the parties involved (including other transactions that may be particularly favourable or advantageous to ECT); or

- (c) approved by the ECT Trustees following receipt of a recommendation that the ECT Trustees vote in favour of the resolution or action taken by the Manager or EIPGP from at least a majority of the members of the Conflicts Committee.

Before the ECT Trustees may approve any of the following matters (whether or not the same also requires any approval by the ECT Unitholders), the ECT Trustees will first refer such matter to the Conflicts Committee for a recommendation:

- (a) any material change to the Fund Trust Indenture, the ECT Trust Indenture, the EIPLP Limited Partnership Agreement, the Fund Delegation Agreement, the Administration Agreement, the Management Agreement, the Intercorporate Services Agreement, the Exchange Right Support Agreement, the registration rights agreement, the Unitholders Agreement or the Funding Support Agreement or, which includes, for greater certainty, any increase in management fees or other amounts payable by ECT or its Affiliates thereunder or material change in the rights and obligations of the respective parties; or
- (b) any Material Related Party Agreement (or amendment, waiver or consent thereto or thereunder) that is either: (i) outside the ordinary course of business; or (ii) in the ordinary course of business but on terms and conditions that, prior to such Material Related Party Agreement (or amendment, waiver or consent thereto or thereunder) being referred to the Conflicts Committee, have not been established to be at least as favourable to ECT as those generally being provided to or available from unrelated third parties in similar circumstances.

## **CORPORATE OPPORTUNITIES**

Subject to the covenants set forth below, the Enbridge Parties will not be prohibited by the ECT Trust Indenture, the EIPLP Limited Partnership Agreement, the Administration Agreement, the Management Agreement, the Intercorporate Services Agreement or any other agreement with the Fund Group from competing with the Fund Group. These agreements provide that the Enbridge Parties may be engaged in or become engaged in any business or activities whatsoever (the “**Permitted Activities**”), and such Permitted Activities may be in competition or conflict with the business carried on by, or the interests of, the Fund Group, and may involve engaging in the business of, or in activities pertaining directly or indirectly to, and/or the direct and indirect ownership, management, operation and lease of assets and property in connection with, energy infrastructure.

The Enbridge Parties and the Fund Group agreed that:

- (a) the Enbridge Parties will be obligated to first offer to the Fund Group any opportunities to develop, acquire or own assets for the transportation of liquid hydrocarbons: (i) from any point that is a receipt point on the existing Canadian Mainline to any existing delivery point off such system; and (ii) within the Province of Alberta where such opportunity constitutes an expansion of the Regional Oil Sands System;
- (b) until the earlier of: (i) September 1, 2030; and (ii) the date on which the Economic Interest first falls below 50%, the Enbridge Parties may not become engaged in any Permitted Activities if such activities, when objectively viewed (and acting reasonably) at the time at which such activities are proposed to be engaged in, would constitute, or would be reasonably likely to give rise to, a material adverse change in the financial affairs of the Fund Group, taken as a whole;
- (c) the acquisition by the Enbridge Parties of any assets or businesses that already exist, or of projects under development that have been publicly disclosed, on the date of such acquisition, shall not constitute, or be considered to be reasonably likely to give rise to, a material adverse change in the financial affairs of the Fund Group, taken as a whole, and the Enbridge Parties shall not be obligated to offer to the Fund Group the opportunity to

acquire such existing or proposed assets or businesses. For greater certainty, the restrictions described in subsections (a) and (b) above shall apply to an expansion of any acquired asset, business or project under development if such expansion was not contemplated on the date of the acquisition of such asset, business or project under development. Notwithstanding subsections (a) and (b) above, the Enbridge Parties may at any time and without restriction engage in any Permitted Activities and pursue any business opportunities that are first offered to, and then declined by, the Fund Group;

- (d) the Enbridge Parties shall not be prohibited from any business or activity, including relating to the Northern Gateway Project and the Norman Wells Pipeline and any assets for the transportation of liquid hydrocarbons north of the 60th parallel, including, without limitation, an expansion of the Northern Gateway Project or Norman Wells Pipeline; and
- (e) the Enbridge Parties will not be prohibited from acquiring any competitive business as part of a larger acquisition so long as the majority of the value of the business or assets acquired (including any proposed expansion thereof at the time of such acquisition), in Enbridge's reasonable judgment, is not attributable to such competitive business.

## LEGAL PROCEEDINGS

Information related to EIPLP's legal proceedings can be found in Note 24, "Commitments and Contingencies", to EIPLP's audited consolidated financial statements as at and for the year ended December 31, 2015.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The only material interest, direct or indirect, of any director or executive officer of the Manager, ECT Trustee or of any Person that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the Fund Units and of any Associate or Affiliate of the foregoing, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Fund are set forth below.

1. The Manager, a wholly-owned Subsidiary of Enbridge, is responsible for providing management and administrative services to the Fund and ECT, and receives compensation from the Fund and ECT for such services, including an annual incentive fee based on cash distributions above a base distribution level from ECT and incentive distributions and temporary performance distributions based on cash distributions above a base level, from EIPLP. In 2015, the Manager received a base fee of \$0.1 million (2014 - \$0.1 million) and an incentive fee of \$59 million (2014 - \$23 million). Enbridge and IPL System received temporary performance distributions of \$58 million following completion of the 2015 Transaction. See "*Trustees, AFR Committee and Management - Management Contracts*" of this AIF.
2. Enbridge or its Affiliates are responsible for providing management, administrative and operational services for assets owned by the Fund Group and receive fees based primarily on a cost recovery basis. See "*AFR Committee and Management - Management Contracts – Intercorporate Services Agreements*" of this AIF. Aggregate fees paid in 2015 to Enbridge and its Affiliates for such management, administrative and operational services (including operating costs and expenses) amounted to \$173 million (2014 - \$48 million).
3. Pursuant to an agreement between ECT and EIFH, ECT agreed to reimburse EIFH in respect of certain costs and expenses. In 2015, ECT reimbursed expenses totalling \$0.9 million (2014 - \$0.9 million) to EIFH.

4. In connection with the 2014 Transaction, the Fund indirectly acquired, in the 2014 Transaction, from indirect wholly-owned subsidiaries of Enbridge, a 50% interest in the U.S. segment of the Alliance Pipeline as well as Class A units which entitle the holder to defined cash flow streams from the Southern Lights Pipeline. Further, the 2014 Transaction was partially funded by a loan from Enbridge, the issuance of Fund Units to EIFH and the issuance of ECT Preferred Units, Series 3 and Series 5 to Enbridge. The loan was repaid in full in 2014. See “*General Development of the Business*” of this AIF.
5. Pursuant to agreements between the Fund and EIFH, the Fund agreed to pay an amount to EIFH equal to and in respect of the costs incurred by EIFH relating to the offer and sale of subscription receipts, the issuance of EIFH Shares for such subscription receipts and the private placement to Enbridge (all in connection with the 2014 Transaction), in consideration of EIFH using the proceeds therefrom to fund the purchase of additional Fund Units. The Fund paid \$13.7 million, inclusive of the underwriters fee of \$13.5 million for subscription receipts sold in connection with the 2014 Transaction.
6. Pursuant to the 2015 Transaction, EIPLP acquired from Enbridge and IPL System the Canadian Mainline, the Regional Oil Sands System, four wind farms and other assets for an aggregate consideration of \$30.4 billion plus incentive distribution and performance rights. See “*General Development of the Business*” of this AIF.
7. Pursuant to agreements between the Fund and the EIFH, the Fund agreed to pay an amount to EIFH equal to and in respect of the costs incurred by EIFH in connection with the offer and sale of 3,828,000 EIFH Shares in February 2013 and 26,810,000 EIFH Shares in November 2015, in consideration of EIFH using the proceeds to purchase additional Fund Units. The Fund paid \$4.1 million, inclusive of the underwriter’s fee, in 2013 and \$28 million, inclusive of the underwriter’s fee, in 2015.

## REGISTRAR AND TRANSFER AGENT

The Fund maintains the register of Unitholders at its head and registered office and is responsible for the transfer of its securities.

## MATERIAL CONTRACTS

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

1. Fund Trust Indenture. See “*Description of the Fund*” of this AIF;
2. ECT Trust Indenture. See “*Description of ECT*” of this AIF;
3. Fund Delegation Agreement. See “*Description of the Fund – Fund Trustee*” of this AIF;
4. Management Agreement. See “*Trustees, AFR Committee and Management - Management Contracts – ECT Management Agreement*” of this AIF;
5. Administration Agreement. See “*Trustees, AFR Committee and Management - Management Contracts – Fund Administration Agreement*” of this AIF;
6. MTN Indenture. See “*Description of the Fund - MTNs*” of this AIF;
7. Unitholders’ Agreement. See “*Description of the Fund - Right of First Refusal and Tag-Along Rights*” of this AIF;

8. Exchange Right Support Agreement made as of September 1, 2015 among EIFH, the Fund, ECT, EIPLP, EIPGP, Enbridge, IPL System and the Manager pursuant to which Enbridge and IPL System may effect a direct or indirect exchange Exchangeable Securities into EIFH Shares, Fund Units, ECT Preferred Units or ECT Class B Units, subject to ownership thresholds.
9. Contribution Agreement dated as of June 18, 2015 among Enbridge, IPL System, EIFH, the Fund, ECT and EIPLP which sets out the terms and conditions of the 2015 Transaction. See “*General Development of the Business*” of this AIF.

The foregoing agreements are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## INTEREST OF EXPERTS

The Fund’s auditor is PricewaterhouseCoopers LLP, Chartered Professional Accountants. PricewaterhouseCoopers LLP audited the financial statements of the Fund as at December 31, 2015 and December 31, 2014 and for each of the periods then ended, as set forth in its auditor’s report dated February 19, 2016. PricewaterhouseCoopers LLP has advised that it is independent with respect to the Fund within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Alberta.

## VOTING SECURITIES AND PRINCIPAL HOLDERS

The Fund Units are the only class of securities issued and outstanding. Each Unitholder is entitled to one vote at meetings of Unitholders in respect of each Fund Unit held. See “*Description of the Fund - Meetings of Unitholders*” of this AIF. To the knowledge of the Manager, as at Year End, the following Persons beneficially owns, or controls or directs, directly or indirectly, 10% or more of the issued and outstanding Fund Units and are the owners of all of the Fund Units.

Name	Type of Ownership	Number of Fund Units Held	% of Fund Units Owned
Enbridge Income Fund Holdings Inc.	Of record and beneficial	97,186,918	50.8%
Enbridge Inc.	Of record and beneficial	94,150,000	49.2%

## EXECUTIVE COMPENSATION

Neither the Fund nor any member of the Fund Group has employees. All services necessary to operate the Fund and entities within the Fund Group are provided by the Manager or its Affiliates through the Management Agreement, Administration Agreement and the Intercorporate Services Agreement. All of the officers and directors of the Manager are employees of Enbridge. The compensation of the Manager’s officers and directors is determined and paid exclusively by Enbridge and does not impact the financial position of the Fund, any member of the Fund Group or the Manager. Enbridge has sole and exclusive authority to determine the compensation of these individuals. No portion of the compensation paid by Enbridge to Mr. Schuldhaus and Ms. Opheim, the officers of the Manager who signed certificates during the financial year ended December 31, 2015 to comply with National Instrument 52-109 - *Certification of Disclosure in Issuers; Annual and Interim Filings*, is directly or solely related to the services they provide to the Fund or the Fund Group.

For a discussion of the executive compensation for Enbridge, the parent corporation of the Manager and Affiliates of Enbridge which provide management, administrative and operational services to the Fund Group, see the most recent management information circular of Enbridge, which contains comprehensive executive compensation disclosure.

The Fund holds a 50% interest in Alliance Canada, which is a reporting issuer in all of the provinces of Canada. For a discussion of the executive compensation for Alliance, see the most recent annual

information form of Alliance Canada, which includes comprehensive executive compensation disclosure for all of their respective named executive officers.

The management information circular of Enbridge and the AIF of Alliance Canada are filed with Canadian securities regulators and available on SEDAR at [www.sedar.com](http://www.sedar.com). **These documents are not incorporated by reference into this AIF.**

Pursuant to the Fund Trust Indenture, the Fund Trustee is entitled to receive for its services as the trustee of the Fund: (i) such reasonable compensation as shall be negotiated between the Manager on behalf of the Fund and the Fund Trustee; (ii) reimbursement of the Fund Trustee's reasonable out-of-pocket expenses incurred in acting as the trustee of the Fund; and (iii) fair and reasonable remuneration for services rendered to the Fund in any other capacity.

## ECT TRUSTEE COMPENSATION

Pursuant to the ECT Trust Indenture, the Independent ECT Trustees are entitled to receive for their services as ECT Trustees such reasonable compensation as the ECT Board may determine from time to time, as well as reimbursement of their out-of-pocket expenses incurred in acting as ECT Trustees. The non-Independent ECT Trustees are not entitled to receive any remuneration for their services as ECT Trustees, but are entitled to reimbursement from ECT of their out-of-pocket expenses incurred in acting as ECT Trustees.

The following tables set forth the various retainers and fees and the amounts of such retainers and fees payable to the Independent ECT Trustees during the 12 month period ended December 31, 2015:

Description	Amount
Independent Trustee Retainer	\$75,000 per annum
Chair of the Board Retainer	\$50,000 per annum
AFR Committee Chair Retainer	\$24,000 per annum
Meeting Fee <sup>1</sup>	\$1,500 per meeting
Travel Fee <sup>2</sup>	\$1,500 per meeting

**Notes:**

1. A meeting fee is paid for attendance at board or committee meetings.
2. A travel fee is paid to an ECT Trustee who travels out of their principal province of residence to attend a board or committee meeting.

Special Committee	
Description	Amount
Special Committee Chair Retainer	\$100,000 <sup>1</sup>
Special Committee Member Retainer	\$25,000 <sup>1</sup>
Special Committee Meeting Fee <sup>2</sup>	\$1,500 per meeting
Special Committee Travel Fee <sup>3</sup>	\$1,500 per meeting

**Notes:**

1. A joint Special Committee comprised of Elected Trustees and independent directors of EIFH was established effective December 4, 2014 to consider the 2015 Transaction, which closed on September 1, 2015. Mr. Frank was appointed the Chair of the Special Committee. The Special Committee Chair and member retainers were included in 2014 compensation.
2. A meeting fee is paid for attendance at Special Committee meetings.
3. A travel fee is paid to a member who travels out of his/her principal province of residence to attend a Special Committee meeting.

In respect of the Year End, ECT paid aggregate compensation of \$753,500, inclusive of travel fees, to the Independent ECT Trustees in accordance with the compensation plans described above, for serving in their respective capacities as ECT Trustees and members of committees of the ECT Board:

Name	Fees Earned/Total Compensation <sup>1</sup> (\$)
M. Elizabeth Cannon <sup>2</sup>	\$115,000 <sup>3</sup>
Charles W. Fischer	\$87,000



Name	Fees Earned/Total Compensation <sup>1</sup> (\$)
J. Herb England	\$28,000 <sup>4</sup>
Brian E. Frank	\$141,000 <sup>3</sup>
E.F.H. (Harry) Roberts	\$191,000 <sup>3</sup>
Bruce G. Waterman	\$162,000 <sup>3</sup>
Catherine L. Williams	\$29,500 <sup>4</sup>

**Notes:**

1. Compensation includes only the fee-based compensation listed above and did not include any share-based awards, option-based awards, non-equity incentive plan compensation, pension or other compensation.
2. Ms. Cannon resigned on November 4, 2015.
3. Includes travel fees of \$1,500.
4. Appointed by Enbridge to the ECT Board effective on September 1, 2015.

## INDEBTEDNESS OF MANAGEMENT

At no time since the formation of the Fund did any current or former ECT Trustee or current or former director or officer of the Manager, or any Associate of any such Person, incur any indebtedness to the Fund or any of its Subsidiaries, or incur any indebtedness to any other entity which is, or any time has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Fund or any of its Subsidiaries.

## ADDITIONAL INFORMATION

Additional information about the Fund and the Fund Group is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional financial information is provided in the Fund MD&A and the Fund's audited financial statements as at and for the year ended December 31, 2015 which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### ALLIANCE CANADA

Additional information about Alliance can be found in Alliance Canada's financial statements, management's discussion and analysis and annual information form for the year ended December 31, 2015 which have been filed with the securities commissions or similar authorities in each of the provinces of Canada. These documents contain detailed disclosure with respect to Alliance Canada and are publicly available on SEDAR at [www.sedar.com](http://www.sedar.com). **These documents are not incorporated by reference into this AIF.**

### ENBRIDGE INCOME PARTNERS LIMITED PARTNERSHIP

Additional information about EIPLP can be found in the EIPLP MD&A and its financial statements analysis for the year ended December 31, 2015 which have been filed with the securities commissions or similar authorities in each of the provinces of Canada. These documents contain detailed disclosure with respect to EIPLP and are publicly available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Fund's profile. **These documents are not, unless otherwise specifically stated, incorporated by reference into this AIF**

**APPENDIX A**

**ENBRIDGE COMMERCIAL TRUST  
AUDIT, FINANCE AND RISK COMMITTEE  
TERMS OF REFERENCE**

## TERMS OF REFERENCE FOR THE AUDIT, FINANCE & RISK COMMITTEE

### I. CONSTITUTION

There shall be a committee, to be known as the Audit, Finance & Risk Committee (the "**Committee**") of the Board of Trustees (the "**Board**") of Enbridge Commercial Trust ("**ECT**").

### II. MEMBERSHIP

The Board shall appoint from its members, not less than three (3) Trustees to serve on the Committee (the "**Members**", and individually, a "**Member**"). For so long as Enbridge Inc. is entitled to appoint a majority of the trustees ("**Trustees**") to the Board, the Committee shall be comprised of an equal number of Members that are Trustees appointed by Enbridge Inc. and Members that are elected Trustees. The Members and the Chair of the Committee are to be appointed by the Board.

No Member shall be an officer or employee of ECT or Enbridge Income Fund (the "**Fund**") or their respective affiliates, or of Enbridge Management Services Inc. (the "**Manager**"), Enbridge Inc. or any of their respective affiliates (collectively, the "**Enbridge Group**"). The Committee shall be comprised entirely of independent Trustees. For the purposes of these Terms of Reference, a Member of the Committee is independent if the Member has no direct or indirect material relationship with ECT, the Fund or the Enbridge Group and is "independent" pursuant to National Instrument 52-110 *Audit Committees*.

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

Any Member may be removed or replaced at any time by the Board and shall cease to be a Member upon ceasing to be a Trustee. Each Member shall hold office until the Member ceases to be a Trustee, resigns or is replaced, whichever first occurs.

### III. MEETINGS

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

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

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

Where appropriate, Members may meet separately with the Auditor, the Internal Auditor or any member of the Manager or management.

Minutes shall be kept of all meetings of the Committee.

#### **IV. ASSESSMENTS**

The Committee shall review and assess the adequacy of the Committee's Terms of Reference at least annually and approve any amendments.

The Committee shall conduct an annual assessment and evaluation of the effectiveness of the Committee and its governance practices.

#### **V. DUTIES AND RESPONSIBILITIES OF THE CHAIR**

The Chair is responsible for:

- (a) convening Committee meetings and designating the times and places of those meetings;
- (b) ensuring Committee meetings are duly convened and that quorum is present when required;
- (c) working with the Manager on the development of agendas and related materials for the Committee meetings;
- (d) liaising with the Manager, the Auditor and Internal Auditor regarding financial reporting issues, internal controls and accounting matters, as deemed appropriate;
- (e) managing communications between the Committee and the Internal Auditor;
- (f) ensuring Committee meetings are conducted in an efficient, effective, focused and respectful manner to ensure that the value of Member participation is maximized;
- (g) ensuring the Committee has sufficient information to permit it to properly make decisions when decisions are required;
- (h) providing leadership to the Committee and assisting the Committee in reviewing and monitoring its responsibilities;
- (i) advising the Committee of any finance, accounting or misappropriation matters brought to the Chair's attention through the Fund's whistleblower procedures; and
- (j) reporting to the Board on the recommendations and decisions of the Committee.

#### **VI. DUTIES, RESPONSIBILITIES AND AUTHORITY**

The Committee provides assistance to the Board in fulfilling its oversight responsibility to the unitholders, the investment community and others, relating to the integrity of the Fund's financial statements and the financial reporting process, the management information systems and financial controls, the internal audit function, the Auditor's qualifications, independence, performance and reports, the Fund's compliance with legal and regulatory requirements and the risk identification, assessment and management program. In so doing, it is the Committee's responsibility to maintain an open avenue of communication between the Committee, the Auditor, the Internal Auditor and the Manager.

The Manager is responsible for preparing the interim and annual financial statements and financial disclosure of the Fund, including any additional financial statements of subsidiaries or other entities required for the Fund to comply with regulatory requirements, and for maintaining a system of internal controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, executed, recorded and reported properly. The Committee's role is to provide meaningful

and effective oversight and counsel to management without assuming responsibility for management's day-to-day duties and responsibilities.

In performance of its duties and responsibilities with respect to the Fund, ECT and their subsidiaries and investees (collectively, the "**Related Entities**") the Committee shall perform the duties and responsibilities stated herein, as are appropriate, and the Committee shall have the right to:

- (a) inspect any and all of the books and records, in written, electronic or other format, of the Fund and the Related Entities;
- (b) discuss with the officers of the Manager, the Internal Auditor and the Auditor, such accounts, records and other matters as any Member considers appropriate;
- (c) engage and compensate independent legal counsel and other advisors which the Committee determines are necessary to carry out its duties; and
- (d) communicate directly with the Auditor and the Internal Auditor.

A. DUTIES AND RESPONSIBILITIES RELATED TO THE EXTERNAL AUDITOR

The Committee shall, as permitted by and in accordance with the Fund Trust Indenture, the Fund Delegation Agreement, the ECT Trust Indenture and all applicable legal and regulatory requirements:

- (a) directly oversee the work of the Auditor engaged for the purpose of preparing or issuing an audit report and performing other audit, review or attestation services or related work for the Fund and any Related Entity;
- (b) pre-approve all non-audit services to be provided by the Auditor to the Fund or the Related Entities;
- (c) recommend to the Board the Auditor to be nominated for appointment by the unitholders for the purpose of preparing or issuing an audit report (or any related audit, review or attestation services) in respect of the financial statements of the Fund or any Related Entity;
- (d) review the terms of the Auditor's engagement, including the appropriateness and reasonableness of the proposed audit fees and any unpaid fees, and make recommendations to the Board in respect of the Auditor's compensation;
- (e) review and discuss with the Auditor all relationships that the Auditor and its affiliates have with the Fund, the Related Entities and the Enbridge Group in order to determine the independence of the Auditor;
- (f) when there is to be a change of Auditor, review all issues related to the change, including the information to be included in the Notice of Change of Auditor required under applicable legislation and the planned steps for an orderly transition;
- (g) review and approve the hiring policies of the Fund or the Enbridge Group regarding partners, employees and former partners and employees of the present and former Auditor;
- (h) review all reportable events, including disagreements, unresolved issues and consultations, if any, between management and the Auditor regarding financial reporting;
- (i) inform the Auditor and management that the Auditor shall have access directly to the Committee at all times, as well as the Committee to the Auditor and that the Auditor is ultimately accountable to the Committee as representatives of the unitholders of the Fund or ECT, as applicable;

- (j) discuss with management and the Auditor any correspondence from or with regulators or governmental agencies, any employee complaints or any published reports that raise material issues regarding the Fund's financial statements or accounting policies; and
- (k) conduct, with input from the Manager, a periodic review or evaluation of the Auditor's performance and qualifications, including the skills, expertise and resources necessary to address the Fund's areas of greatest financial risk reporting, quality and candor of the Auditor's communications with the Committee, ECT and the Fund, the Auditor's independence, objectivity, professional skepticism and responsiveness, and report any conclusions or recommendations to the Board.

**B. DUTIES AND RESPONSIBILITIES RELATED TO AUDITS AND FINANCIAL REPORTING**

The Committee shall, as permitted by and in accordance with the Fund Trust Indenture, the Fund Delegation Agreement, the ECT Trust Indenture and all applicable legal and regulatory requirements:

- (a) review the engagement terms and the audit plan with the Auditor and the Manager;
- (b) review with the Auditor and the Manager, the Fund's financial reporting in connection with the annual audit and preparation of the financial statements, including, without limitation, the judgment of the Auditor as to the quality, not just the acceptability and the appropriateness of the accounting principles applied in the Fund's financial reporting and the degree of aggressiveness or conservatism of the Fund's accounting principles and underlying estimates;
- (c) review with the Manager any anticipated changes in reporting standards, the preparedness of management and potential outcomes and impacts;
- (d) review with the Manager and the Auditor, and make recommendations to the Board on, all financial statements and financial disclosure which require approval by the Board including:
  - (i) annual and interim financial statements including the notes thereto and Management's Discussion and Analysis ("**MD&A**");
  - (ii) any report or opinion to be rendered in connection therewith;
  - (iii) any change or initial adoption in accounting policies and their applicability to the business;
  - (iv) any audit issues or difficulties and management's response;
  - (v) all significant adjustments proposed by the Auditor; and
  - (vi) being satisfied that there are no unresolved issues between management and the Auditor that could reasonably be expected to materially affect the financial statements;
- (e) review with the Manager, the Auditor and, as necessary, internal and external legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Fund, and the disclosure of such matters in the financial statements, MD&A or other public disclosure documents;
- (f) discuss with the Auditor its perception of the internal audit and accounting personnel, and any recommendations which the Auditor may have;
- (g) annually, or more frequently as deemed necessary, meet separately with the Manager, the Auditor and the Internal Auditor to review issues and matters of concern respecting audits and financial reporting processes;
- (h) review with the Manager and, as deemed necessary, with the Auditor, any proposed changes in or initial adoption of accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;

- (i) review with the Manager and, as deemed necessary, with the Auditor, significant financial reporting issues arising during the fiscal period, including the methods of resolution;
- (j) review any problems experienced by the Auditor in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- (k) review the post-audit or management letter containing the recommendations of the Auditor and the response of management, if any, including an evaluation of the adequacy and effectiveness of the internal controls of the Fund and ECT (in respect of the scope of review of internal controls by the Auditor, the review is carried out to enable the Auditor to express an opinion on the Fund's financial statements);
- (l) review before release relevant public disclosure documents containing audited or unaudited financial information, including annual or interim press releases, prospectuses, the Annual Information Form and Management Information Circulars (if applicable);
- (m) review the appointment of the chief financial officer of the Manager;
- (n) inquire into and determine the appropriate resolution of conflicts of interest in respect of audit, finance or risk matters between or among a Trustee, officer or director of the Manager, unitholder, the Internal Auditor or the Auditor, which are properly directed to the Committee by the Chair of the Board, the Board, a Trustee, a unitholder, the Internal Auditor, the Auditor or management;
- (o) ensure that procedures are in place for the review of the Fund's disclosure of financial information extracted or derived from the Fund's financial statements; and
- (p) as deemed necessary by the Committee, inquire into and examine matters relating to the financial affairs of the Fund, the Related Entities or any of them, including the review of a Related Entity's Audit Committee reports, if any.

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

The Manager shall retain the services of an Internal Auditor, who will report directly to the Committee. The Committee shall, as permitted by and in accordance with the Fund Trust Indenture, the Fund Delegation Agreement, the ECT Trust Indenture and all applicable legal and regulatory requirements:

- (a) review the adequacy and effectiveness of the accounting, disclosure controls and procedures, internal control over financial reporting and other internal control policies of the Fund and procedures through inquiry and discussions with the Auditor, the Manager and the Internal Auditor;
- (b) review with the Manager administrative, operational and accounting internal controls of the Fund, including controls and security of the computerized information systems, and evaluate whether the Fund and management are operating in accordance with prescribed policies and procedures;
- (c) annually, or more frequently if deemed necessary, meet separately with each of the Auditor, the Internal Auditor and the Manager to review issues and matters of concern respecting financial reporting processes and internal controls;
- (d) review with the Manager and the Auditor any reportable conditions, material weaknesses and significant deficiencies affecting internal controls;
- (e) establish and maintain free and open means of communication between and among the Committee, the Auditor, the Internal Auditor and management;
- (f) review at least annually with the Internal Auditor the internal control procedures of the Fund;

- (g) review at least annually the scope and plans for the work of the Internal Auditor, review the adequacy of the resources of the Internal Auditor and ensure that the Internal Auditor has unrestricted access to: (i) all functions, records, property and personnel of the Fund and the Related Entities; and (ii) the Committee at all times. The Committee shall at all times have unrestricted access to the Internal Auditor;
- (h) review the annual report issued by the Internal Auditor including the response, if any, of management;
- (i) approve the appointment and removal of the Chief Audit Executive;
- (j) adopt an Internal Audit Charter, which shall be reviewed, approved and confirmed at least annually, with or without amendments; and
- (k) review and approve initial forward-looking information disclosure, determine whether updates are required, question management on the assumptions used, and approve targets before they are disclosed publicly.

**D. DUTIES AND RESPONSIBILITIES RELATED TO FINANCE**

The Committee shall, as permitted by and in accordance with the Fund Trust Indenture, the Fund Delegation Agreement, the ECT Trust Indenture and all applicable legal and regulatory requirements:

- (a) review and recommend for approval to the Board, prospectuses and where practicable or as required, approve or recommend for approval to the Board, documents which may be incorporated by reference into a prospectus;
- (b) review the issuance of debt securities by the Fund, and if deemed appropriate, recommend for approval by the Board the filing with securities regulatory authorities of any prospectus, prospectus supplement or other documentation relating thereto;
- (c) review and approve or recommend the approval by the Board of the entering into and terms of credit facilities, commercial paper programs and other borrowings by the Fund and the Related Entities; and
- (d) review and adopt or recommend the adoption by the Board, of policies and/or guidelines relating to the delegation of financing and spending authorities to the Manager or management.

**E. DUTIES AND RESPONSIBILITIES RELATED TO RISK MANAGEMENT**

The Committee shall, as permitted by and in accordance with the Fund Trust Indenture, the Fund Delegation Agreement, the ECT Trust Indenture and all applicable legal and regulatory requirements:

- (a) review at least annually with the Manager and as necessary, legal counsel, the Internal Auditor and the Auditor:
  - (i) the method of reviewing major risks inherent in the Fund's businesses, facilities, and strategic directions, including the Fund's risk management and evaluation process (in respect of risk management evaluations and guidelines relating to environment, health and safety matters, the Committee shall consult with and, as deemed necessary, review the recommendations of the Safety & Reliability Committee, as applicable); and
  - (ii) the strategies, policies and practices applicable to the Fund's assessment, management, prevention and mitigation of risks (including the foreign currency and interest rate risk strategies, counterparty credit exposure, cash management, credit and financing, the use of derivative instruments, insurance and adequacy of tax provisions);
  - (iii) a Corporate Risk Assessment and updates thereto and report to the Board thereon;



- (iv) the major financial risk exposures and steps management has taken to monitor and manage such exposures; and
- (v) the Fund's adequacy of insurance coverage; and
- (b) consider other risk management matters from time to time as the Committee may consider appropriate or the Board may specifically direct.

**F. OTHER DUTIES OF THE AUDIT, FINANCE & RISK COMMITTEE**

The Committee shall, as deemed necessary by the Committee and as permitted by and in accordance with the Fund Trust Indenture, the Fund Delegation Agreement, the ECT Trust Indenture and all applicable legal and regulatory requirements:

- (a) review expense report summaries of the President of the Manager;
- (b) meet separately with the Manager, senior management, the Internal Auditor, the Auditor and, as is appropriate, internal and/or external legal counsel and independent advisors in respect of any audit, finance and risk matters not otherwise referenced herein;
- (c) review incidents or alleged incidents as reported by the Manager, Internal Auditor, the Auditor, the Chief Compliance Officer of Enbridge Inc., the Law Department of Enbridge Inc. or otherwise of fraud, illegal acts or conflicts of interest;
- (d) ensure that procedures are in place for the receipt, retention and treatment of complaints received by the Fund or ECT regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees and contractors of the Enbridge Group, the Fund and the Related Entities of concerns regarding questionable accounting or auditing matters;
- (e) report to the Board after each Committee meeting with respect to the Committee's activities and recommendations;
- (f) meet in camera as a Committee, to discuss enhancing the effectiveness of the Committee, in reference to these Terms of Reference;
- (g) address any other matter properly referred to the Committee by the Chair of the Board, the Board, a Trustee, the Internal Auditor, the Auditor or the officers of the Manager or as may be required by law; and
- (h) the Committee shall, in conjunction with the Manager, coordinate the performance of its duties with any audit committee of a Related Entity to ensure efficiency, effectiveness and consistency of approach with such Related Entity, concerning its:
  - (i) external auditor;
  - (ii) audits and financial reporting;
  - (iii) financial reporting processes and internal controls;
  - (iv) finance; and
  - (v) risk management.

**VII. COMMITTEE SCHEDULE**

The major annual activities of the Committee shall be outlined in an annual schedule.

**VIII. DELEGATION TO SUBCOMMITTEE**

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. The Committee may, in its discretion, delegate to one or more of its members the authority to pre-approve any audit or non-audit services to be performed by the Auditor, provided that any such approvals are presented to the Committee at its next scheduled meeting.