ENBRIDGE INCOME FUND

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2016

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2016

This Management's Discussion and Analysis (MD&A) dated May 12, 2016 should be read in conjunction with the unaudited financial statements and notes thereto of Enbridge Income Fund (the Fund) as at and for the three months ended March 31, 2016, prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP). It should also be read in conjunction with the Fund's audited financial statements and notes thereto and MD&A for the year ended December 31, 2015.

The Fund is a member of the Fund Group which also includes Enbridge Commercial Trust (ECT), Enbridge Income Partners LP (EIPLP) and the subsidiaries and investees of EIPLP. The Fund owns a direct investment in ECT and an indirect investment in EIPLP. The financial performance of the Fund is a direct reflection of the performance of EIPLP, which directly holds the underlying operating assets and liabilities of the Fund Group. Enbridge Inc. (Enbridge), through its wholly-owned subsidiary Enbridge Management Services Inc. (EMSI or the Manager), is responsible for the operations and day-to-day management of the Fund Group. The Manager also provides administrative and general support services to the Fund Group.

Unless otherwise noted, all financial information is presented in Canadian dollars. Additional information related to the Fund, including its Annual Information Form, is available on SEDAR at www.sedar.com. For additional information on the performance of the businesses within the Fund Group please refer to EIPLP's MD&A which is filed on SEDAR at www.sedar.com under the Fund's profile.

THE 2015 TRANSACTION

On September 1, 2015, EIPLP acquired 100% interests in entities holding certain Canadian liquids pipelines, storage and renewable energy assets from Enbridge and certain of its subsidiaries for an aggregate consideration of $30.4 billion plus incentive distribution and performance rights, less working capital adjustments (the 2015 Transaction).

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

ENBRIDGE INCOME FUND PERFORMANCE OVERVIEW

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars, except per unit amounts)		
Earnings[1]	**216**	70
Cash flow data		
Cash provided by operating activities	**153**	76
Cash used by investing activities	**(62)**	(10)
Cash used by financing activities	**(91)**	(66)
Distributions		
Fund Unit distributions declared	**103**	38
Fund Unit distribution per unit	**0.5376**	0.4723
Revenues[1]	**-**	113

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

EARNINGS

Earnings were $216 million for the three months ended March 31, 2016, compared with $70 million for the comparable period of 2015. Current year earnings primarily include equity investment income from ECT compared to the prior year which includes consolidated earnings, reflecting the Accounting Impacts discussed in *The 2015 Transaction.* The Fund's income from its equity investment in ECT was impacted by a number of unusual, non-recurring or non-operating factors in EIPLP's income, most notably, changes in unrealized derivative fair value gains and losses.

CASH FLOWS

Cash provided by operating activities was $153 million for the three months ended March 31, 2016 compared to $76 million for the three months ended March 31, 2015, reflecting a significant increase in cash distributions in excess of equity earnings received from the Fund's equity investment in ECT.

DISTRIBUTIONS

The Fund pays monthly distributions to its unitholders. Distributions for the three months ended March 31, 2016 were declared monthly at a quarterly aggregate rate of $0.5376 per unit representing total distributions of $103 million. Distributions for the three months ended March 31, 2015 were declared monthly at a quarterly aggregate rate of $0.4723 per unit representing total distributions of $38 million. The increase in distribution resulted from the increased number of ordinary trust units of the Fund (Fund Units) outstanding following the 2015 Transaction as well as an increase in the distribution rate in January 2016.

REVENUES

Revenues for the first quarter are not considered comparable as a result of the Accounting Impacts.

RECENT DEVELOPMENTS

On April 20, 2016, Enbridge Income Fund Holdings (ENF) completed a public equity offering of 20.4 million common shares at a price of $28.25 per share (the Offering Price) for gross proceeds of $575 million. Concurrent with the closing of the equity offering, Enbridge subscribed for 5.1 million common shares at the Offering Price, for total proceeds of $143 million, on a private placement basis to maintain its 19.9% ownership interest in ENF. ENF used the proceeds from the sale of the common shares to subscribe for 25.4 million Fund Units at the Offering Price for gross proceeds of $718 million. The Fund then used the proceeds from the Fund Unit issuance to invest in 25.4 million ECT common units for gross proceeds of $718 million. The proceeds from the issuance are being used to repay short-term indebtedness pending investment in the secured capital growth projects within the Fund Group. Upon closing of the transaction, ENF's economic interest in the Fund Group increased from 13.4% as at March 31, 2016 to 16.3%.

FORWARD-LOOKING INFORMATION

Forward-looking information, or forward-looking statements, have been included in this MD&A to provide information about the Fund Group, including management's assessment of future plans and operations of the Fund Group. This information may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe", "likely" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information or statements included or incorporated by reference in this document include, but are not limited to, statements with respect to the following: expected earnings/(loss); expected adjusted earnings/(loss), adjusted earnings/(loss) before interest and income taxes (adjusted EBIT) or expected available cash flow from operations (ACFFO); expected future cash flows; expected capital expenditures; future distributions to the Fund by ECT; estimated future distributions and distribution targets; and expectations regarding the impact of the 2015 Transaction.

Although the Fund believes these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Material assumptions include assumptions about the following: the expected supply of and demand for crude oil, natural gas, natural gas liquids (NGL) and renewable energy; prices of crude oil, natural gas, NGL and renewable energy; exchange rates; inflation; interest rates; availability and price of labour and 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 and capital project funding; the Fund Group's credit ratings; 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 level 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 operates 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 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: the availability and price of labour and 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, public opinion, changes in tax law and tax rate increases, exchange rates, interest rates, commodity prices and supply of and demand for commodities, including but not limited to those risks and uncertainties discussed in this MD&A and in the Fund Group's other filings with Canadian securities regulators. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and the Fund Group's future course of action depends on management's assessment of all information available at the relevant time. Except to the extent required by applicable law, the Fund Group assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Fund Group or persons acting on the Fund Group's behalf, are expressly qualified in their entirety by these cautionary statements.

NON-GAAP MEASURES

This MD&A contains references to adjusted earnings, EIPLP adjusted earnings before interest and taxes (EIPLP adjusted EBIT) and EIPLP available cash flow from operations (EIPLP ACFFO). Adjusted earnings represent the Fund's earnings adjusted for unusual, non-recurring or non-operating factors, including unusual, non-recurring or non-operating factors underpinning the Fund's indirect equity earnings of EIPLP. EIPLP adjusted EBIT represent EIPLP's earnings before interest and income taxes, respectively, adjusted for unusual, non-recurring or non-operating factors on a consolidated basis. These factors, referred to as adjusting items, are reconciled and discussed in *Non-GAAP Reconciliation – Earnings to Adjusted Earnings* and *Enbridge Income Partners LP Performance Overview*.

EIPLP ACFFO represents EIPLP's cash available to fund distributions to partners as well as for debt repayments and reserves. Such reserves are determined by the Manager and are used for payment of committed charges, such as interest and income taxes, and for execution of the capital maintenance program. 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 partners as the Fund Group's objective is to provide a predictable flow of distributions to unitholders.

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

NON-GAAP RECONCILIATION – EARNINGS TO ADJUSTED EARNINGS

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Earnings[1]	**216**	70
Adjusted earnings:		
Adjusting items at EIPLP[2]	**(175)**	-
Transaction costs[3]	**-**	1
Other[4]	**-**	(18)
Adjusted earnings	**41**	53

1 *See* The 2015 Transaction *section.*
2 *Represents ECT's portion of the unusual, non-recurring or non-operating items within earnings of EIPLP.*
3 *Includes transaction costs related to the 2015 Transaction. Transaction costs include fees primarily related to financial, technical and legal advisors.*
4 *Primarily includes changes in unrealized derivative instrument fair value and changes in unrealized position on foreign currency translation on a United States dollar intercompany loan for the three months ended March 31, 2015.*

Adjusted earnings for the three months ended March 31, 2016 were $41 million compared with $53 million for the three months ended March 31, 2015; however, adjusted earnings are not comparable quarter-over-quarter as a result of the Accounting Impacts of the 2015 Transaction.

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

ENBRIDGE INCOME PARTNERS LP PERFORMANCE OVERVIEW

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars, except per unit amounts)		
Earnings before interest and income taxes	**1,097**	(418)
Retrospective adjustments[1]	**-**	539
Changes in unrealized derivative value (gains)/losses	**(614)**	60
Other	**70**	(72)
EIPLP adjusted EBIT[2]	**553**	109
EIPLP ACFFO[2]	**569**	128
Distributions		
Class A Unit distributions declared to ECT	**199**	121
Class A Unit distribution per unit	**0.5585**	0.4938

1 *The impact of the retrospective adjustments related to the 2015 Transaction has been removed from EIPLP adjusted EBIT to reflect earnings generated under EIPLP's ownership prior to September 1, 2015. Retrospective adjustments also include the impacts of significant, unusual, non-recurring or non-operating factors included in the retrospectively adjusted amounts for U.S. GAAP purposes.*

2 *EIPLP adjusted EBIT and EIPLP ACFFO are non-GAAP measures that do not have a standardized meaning prescribed by U.S. GAAP. For more information, see* Non-GAAP Measures*.*

EIPLP Adjusted EBIT

The increase in EIPLP adjusted EBIT quarter-over-quarter is directly attributable to the significant increase of EIPLP's asset base following the 2015 Transaction. The most notable assets contributing incremental EIPLP adjusted EBIT were Canadian Mainline and Regional Oil Sands System.

EIPLP ACFFO

Similar to adjusted EBIT, the increase in EIPLP ACFFO is driven by the significant increase of EIPLP's asset base following the 2015 Transaction. The period-over-period increase was partially offset by higher maintenance capital expenditures, higher interest expense and higher income taxes expense, net of adjusting items, in 2016 all resulting from increased business activity associated with the increased asset base.

EIPLP Distributions

EIPLP declares distributions to its partners on a monthly basis. The year-over-year increase in the distributions declared to ECT is a direct result of the units issued in connection with the 2015 Transaction and an increase in the distribution rate in 2016. The distributions received by ECT are used to fund the incentive fee and preferred unit (ECT Preferred Unit) distributions to Enbridge, as well as to fund distributions to the Fund.

LIQUIDITY AND CAPITAL RESOURCES

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

SOURCES AND USES OF CASH

The Fund's primary uses of cash are distributions to unitholders, investments, administrative expense and interest and principal repayments on the Fund's long-term debt. Liquidity can be met through a variety of sources including cash distributions from ECT, new offerings of debt and equity, draws under the Fund's committed standby credit facilities, as well as loans from affiliates. The Fund maintains a current shelf prospectus for medium-term notes (MTNs) with Canadian securities regulators, which enables ready access to Canadian public capital markets, subject to market conditions.

Long-term Debt
Long-term debt consists of MTNs and a committed credit facility. As at March 31, 2016, the Fund had a $1,500 million committed credit facility, of which nil was drawn. Letters of credit totalled $11 million, leaving $1,489 million unutilized as at March 31, 2016. The Fund must adhere to covenants under its credit facility agreement, including covenants that limit outstanding debt to a percentage of the Fund's and EIPLP's capitalization. The Fund was in compliance with all covenants as at March 31, 2016.

Equity
For the three months ended March 31, 2016, ENF retained approximately $5 million of cash in respect of reinvested dividends from its Dividend Reinvestment and Share Purchase Plan and used the proceeds to purchase 0.2 million Fund Units for gross proceeds of approximately $5 million.

Distributions
As discussed in *Enbridge Income Fund Performance Overview – Distributions*, effective with the January 2016 distribution, the Fund's monthly distribution rate increased to $0.1792 per Fund Unit.

ANALYSIS OF CASH DISTRIBUTIONS DECLARED

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Cash provided by operating activities[1]	**153**	76
Earnings[1]	**216**	70
Cash distributions declared	**103**	79
Excess/(shortfall) of cash provided by operating activities over cash distributions declared	**50**	(3)
Excess/(shortfall) of earnings over cash distributions declared	**113**	(9)

1 *For the three months ended March 31, 2016, Cash provided by operating activities and Earnings reflect the Accounting Impacts of the 2015 Transaction, as discussed in* The 2015 Transaction*.*

For the three months ended March 31, 2016, cash provided by operating activities exceeded cash distributions declared by $50 million (2015 – $3 million shortfall). Cash provided by operating activities includes the cash distributions received from the Fund's equity investments which may not be reflective of the income from the Fund's equity investments. Cash distributions received from the Fund's investments is the primary source of cash flow the Fund uses to pay distributions to its unitholders and service its long-term debt.

Earnings were $113 million in excess of cash distributions for the three months ended March 31, 2016 (2015 – $9 million shortfall). Earnings reflected non-cash items such as income from equity investments and amortization of deferred financing costs for the first quarter of 2016. The comparative year also reflected depreciation, deferred income taxes and changes in unrealized derivative fair value, all of which do not impact cash flow.

QUARTERLY FINANCIAL INFORMATION

	2016	2015				2014		
	Q1	Q4	Q3[1]	Q2	Q1	Q4	Q3	Q2
(millions of Canadian dollars)								
Revenues	**-**	-	73	112	113	102	99	107
Income from equity investments[2]	**238**	28	1	47	39	34	33	33
Earnings	**216**	2	14	34	70	26	35	41
Cash distributions received in excess of/(less than) equity earnings	**(98)**	100	78	(9)	(8)	4	4	5
Cash distributions declared	**103**	86	79	79	79	72	56	56
Cash distributions declared per unit	**0.5376**	0.4723	0.4723	0.4723	0.4723	0.4500	0.4058	0.4058

1 The third quarter of 2015 includes one month accounted for on a consolidated basis and two months accounted for on an equity method basis as a result of the Accounting Impacts.

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

3 Income from equity investments and Earnings for 2014 have been retrospectively adjusted to furnish comparative information related to the acquisition of Enbridge's 50% interest in the United States portion of the Alliance Pipeline.

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

Therefore, the Fund's quarterly results before and after September 1, 2015 lack comparability and the analysis of the quarterly results described below has been segregated between the equity method basis period and the consolidated basis period.

EQUITY METHOD BASIS

Several factors impact comparability of the Fund's financial results on a quarterly basis through its indirect investment in EIPLP, including, but not limited to, fluctuations in market prices such as foreign exchange rates and commodity prices, disposals of investments or assets and the timing of in-service dates of new projects.

EIPLP actively manages its exposure to market risks including, but not limited to, interest rates, commodity prices and foreign exchange rates. To the extent derivative instruments used to manage these risks are non-qualifying for the purposes of applying hedge accounting, changes in unrealized fair value gains and losses on these instruments will impact earnings.

In addition to the impacts of changes in unrealized gains and losses outlined above, significant items that have impacted quarterly financial information are as follows:

- In the first quarter of 2016, the monthly Fund Unit distribution rate increased to $0.1792 commencing with the January 2016 distribution.
- In the fourth quarter of 2015, cash distributions received from the Fund's investment in ECT were in excess of the equity earnings received from the same investment reflecting the significant cash generating ability in the underlying asset base.
- In the third quarter of 2015, revenues and earnings for the period decreased due to the Accounting Impacts.

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

- In the second quarter of 2015, the Fund realized a second full quarter of benefits from the transaction with Enbridge which was completed in late 2014 (the 2014 Transaction).
- In the first quarter of 2015, the Fund realized a full quarter of benefits from the 2014 Transaction. Earnings also included the benefit of favourable foreign exchange on the translation of a United States dollar denominated intercompany loan partially offset by unrealized derivative fair value losses.
- In the fourth quarter of 2014, the Fund issued 13.9 million Fund Units and ECT issued 15.2 million ECT Preferred Units to partially the 2014 Transaction. As a result, the Fund had higher earnings and increased its monthly distribution per unit to $0.1574 commencing with the November 2014 distribution.
- In the third quarter of 2014, the Fund incurred $5 million of advisory fees and recorded an after-tax unrealized gain of $9 million on foreign exchange in connection with the 2014 Transaction.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

The Fund’s earnings, cash flows and Other comprehensive income/(loss) (OCI) are subject to movements in interest rates. The Fund uses a combination of qualifying and non-qualifying derivative instruments to manage these risks. Refer to the Fund’s 2015 Annual MD&A for further details on financial instrument risk management.

THE EFFECT OF DERIVATIVE INSTRUMENTS ON THE STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

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

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Amount of unrealized gains/(loss) recognized in OCI		
Cash flow hedges		
Interest rate contracts	**(67)**	(19)
Foreign exchange contracts	**-**	1
Commodity contracts	**-**	2
	(67)	(16)
Amount of (gains)/loss reclassified from Accumulated other comprehensive income (AOCI) to earnings *(effective portion)*		
Interest rate contracts[2]	**1**	1
Commodity contracts[3]	**-**	(1)
	1	-
Amount of unrealized loss from non-qualifying derivatives included in earnings		
Foreign exchange contracts[1]	**-**	(60)
	-	(60)

1 Reported within Other income in the Statements of Earnings.
2 Reported within Interest expense in the Statements of Earnings.
3 Reported within Electricity sales revenues in the Statements of Earnings.

LIQUIDITY RISK

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

CREDIT RISK

Entering into derivative financial instruments may result in exposure to credit risk. Credit risk arises from the possibility that a counterparty will default on its contractual obligations. The Fund enters into risk management transactions only with institutions that possess investment grade credit ratings. Credit risk relating to derivative counterparties is mitigated by credit exposure limits and contractual requirements, frequent assessment of counterparty credit ratings and netting arrangements. Refer to the Fund's 2015 Annual MD&A for further details on the Fund's credit risk management.

CHANGES IN ACCOUNTING POLICIES

ADOPTION OF NEW STANDARDS

Simplifying the Presentation of Debt Issuance Costs

Effective January 1, 2016, the Fund adopted Accountings Standards Update (ASU) 2015-03 on a retrospective basis which, as at December 31, 2015, resulted in a decrease in Deferred amounts and other assets of $7 million and a corresponding decrease in Long-term debt of $7 million. The new standard requires debt issuance costs related to a recognized debt liability to be presented in the Statements of Financial Position as a direct deduction from the carrying amount of that debt liability, consistent with the presentation of debt discounts or premiums. Further, effective January 1, 2016, the Fund adopted ASU 2015-15 which clarifies that debt issuance costs associated with line-of-credit arrangements may be deferred as an asset and subsequently amortized over the term of the arrangement. The adoption of ASU 2015-15 did not have a material impact on the Fund's financial statements.

Amendments to the Consolidation Analysis

Effective January 1, 2016, the Fund adopted ASU 2015-02 on a modified retrospective basis, which amended and clarified the guidance on variable interest entities (VIEs). There was a significant change in the assessment of limited partnerships and other similar legal entities as VIEs, including the removal of the presumption that the general partner should consolidate a limited partnership. As a result, the Fund has determined that the limited partnership that is currently equity accounted for is a VIE. The amended guidance did not impact the Fund's accounting treatment of the entity, however, material disclosures for VIEs have been provided, as necessary.

Development Stage Entities

Effective January 1, 2016, the Fund adopted ASU 2014-10, relating to the amendment eliminating the exception to the sufficiency of equity at risk criteria for development stage entities on a retrospective basis. The new criteria amended the consolidation guidance to eliminate the development stage entity relief when applying the VIE model and evaluating the sufficiency of equity at risk. The adoption of the pronouncement did not have a material impact on the Fund's financial statements.

FUTURE ACCOUNTING POLICY CHANGES

Simplifying the Equity Method of Accounting

ASU 2016-07 was issued in March 2016 with the intent of simplifying the equity method of accounting by eliminating the requirement to retrospectively apply the equity method to an investment that subsequently qualifies for such accounting as a result of an increase in the level of ownership interest or degree of influence. Consequently, the equity method of accounting will be applied prospectively from the date significant influence is obtained. The cost of acquiring an additional interest in the investee, if any, will be added to the current basis of the previously held interest. For available-for-sale securities that become eligible for the equity method of accounting, any unrealized gain or loss recorded within AOCI will be recognized in earnings on the date the investment initially qualifies for the use of the equity method. The Fund is currently assessing the impact of the new standard on its financial statements. The accounting update is effective December 15, 2016 and is to be applied prospectively.

Derivative Contract Novations on Existing Hedge Accounting Relationships

ASU 2016-05 was issued in March 2016 with the intent of clarifying that a change in one of the counterparties to the derivative instrument does not require de-designation of that hedge accounting relationship provided that all other hedge accounting criteria continue to be met. The Fund is currently assessing the impact of the new standard on its financial statements. The accounting update is effective December 15, 2016 and may be applied on a prospective or modified retrospective basis.

FUND OWNERSHIP

The following table presents ownership of the Fund:

	As at April 29, 2016
(number of Fund Units outstanding)	
Held by Enbridge	94,150,000
Held by ENF	122,906,777
	217,056,777

ENBRIDGE
Income Fund

ENBRIDGE INCOME FUND

FINANCIAL STATEMENTS
(unaudited)

March 31, 2016

STATEMENTS OF EARNINGS

Three months ended March 31,	**2016**	2015[1]
(unaudited; millions of Canadian dollars)		
Revenues		
Transportation and other services	**-**	61
Electricity sales	**-**	52
	-	113
Expenses		
Operating and administrative	**1**	17
Operating and administrative – affiliate	**-**	22
Depreciation and amortization	**-**	35
	1	74
	(1)	39
Income from equity investment in Enbridge Commercial Trust *(Note 3)*	**238**	-
Income from other equity investments	**-**	39
Other income	**1**	12
Other income – affiliate	**4**	19
Interest expense	**(26)**	(26)
	216	83
Income taxes	**-**	(13)
Earnings attributable to unitholders	**216**	70

See accompanying notes to the unaudited interim financial statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

Three months ended March 31,	**2016**	2015[1]
(unaudited; millions of Canadian dollars)		
Earnings	**216**	70
Other comprehensive income/(loss), net of tax		
Change in unrealized loss on cash flow hedges *(Note 4)*	**(67)**	(16)
Other comprehensive loss from equity investee *(Note 3)*	**(60)**	-
Reclassification to earnings of realized cash flow hedges *(Note 4)*	**1**	-
Change in foreign currency translation adjustment	**-**	36
Other comprehensive income/(loss)	**(126)**	20
Comprehensive income attributable to unitholders	**90**	90

See accompanying notes to the unaudited interim financial statements.

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

STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

Three months ended March 31,	**2016**	2015[1]
(unaudited; millions of Canadian dollars)		
Deficit		
Balance at beginning of period	**(5,171)**	(5,752)
Earnings attributable to unitholders	**216**	70
Enbridge Commercial Trust preferred unit distributions	**-**	(41)
Distributions to trust unitholders	**(103)**	(38)
Redemption value adjustment attributable to Enbridge Commercial Trust	**-**	273
Redemption value adjustment attributable to trust units *(Note 5)*	**(285)**	248
Equity investment dilution gain, net *(Note 3)*	**16**	-
Adjustment to Enbridge Income Partners LP's excess purchase price over	**(6)**	-
Balance at end of period	**(5,333)**	(5,240)
Accumulated other comprehensive loss		
Balance at beginning of period	**(108)**	(32)
Other comprehensive income/(loss), net of tax	**(126)**	20
Balance at end of period	**(234)**	(12)
Total unitholders' deficit	**(5,567)**	(5,252)

See accompanying notes to the unaudited interim financial statements.

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

STATEMENTS OF CASH FLOWS

Three months ended March 31,	**2016**	2015[1]
(unaudited; millions of Canadian dollars)		
Operating activities		
Earnings	**216**	70
Depreciation and amortization	**-**	35
Cash distributions less than equity earnings	**(98)**	(8)
Deferred income taxes	**-**	6
Changes in unrealized derivative instrument fair value, net *(Note 4)*	**-**	60
Unrealized gains on translation of United States dollar intercompany loan	**-**	(71)
Other	**1**	-
Changes in operating assets and liabilities	**34**	(16)
	153	76
Investing activities		
Affiliate loans, net	**(62)**	-
Additions to property, plant and equipment	**-**	(15)
Long-term receivable from affiliates	**-**	6
Contributions to equity investees	**-**	(1)
	(62)	(10)
Financing activities		
Net change in bank indebtedness	**3**	(10)
Net change in credit facility draws	**-**	20
Affiliate loans, net	**-**	3
Trust units issued *(Note 5)*	**5**	-
Enbridge Commercial Trust preferred unit distributions declared	**-**	(41)
Trust unit distributions declared	**(103)**	(38)
Change in distributions payable	**4**	-
	(91)	(66)
Increase/(decrease) in cash and cash equivalents	**-**	-
Cash and cash equivalents at beginning of period	**-**	29
Cash and cash equivalents at end of period	**-**	29

See accompanying notes to the unaudited interim financial statements.

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

STATEMENTS OF FINANCIAL POSITION

	March 31, 2016	December 31, 2015
(unaudited; millions of Canadian dollars)		
Assets		
Current assets		
Demand notes receivable from Enbridge Commercial Trust	**513**	451
Accounts receivable from affiliates	**44**	72
Current portion of derivative assets *(Note 4)*	**2**	-
Current portion of derivative assets from affiliates *(Note 4)*	**15**	22
	574	545
Long-term notes receivable from Enbridge Commercial Trust	**196**	196
Long-term investment *(Note 3)*	**1,829**	1,781
Long-term portion of derivative assets *(Note 4)*	**1**	105
Long-term portion of derivative assets from affiliates *(Note 4)*	**73**	-
Deferred amounts and other assets	**-**	1
	2,673	2,628
Liabilities and unitholders' equity		
Current liabilities		
Bank indebtedness	**3**	-
Interest payable	**25**	20
Current portion of derivative liabilities *(Note 4)*	**18**	25
Current portion of derivative liabilities to affiliates *(Note 4)*	**62**	17
Other accounts payable	**1**	1
Distributions payable to affiliates	**34**	30
Current maturities of long-term debt	**330**	330
	473	423
Long-term debt	**2,068**	2,067
Long-term portion of derivative liabilities *(Note 4)*	**131**	147
Long-term portion of derivative liabilities to affiliates *(Note 4)*	**11**	3
Other long-term liabilities	**1**	1
	2,684	2,641
Trust units *(Note 5)*	**5,556**	5,266
	5,556	5,266
Unitholders' deficit		
Deficit	**(5,333)**	(5,171)
Accumulated other comprehensive loss	**(234)**	(108)
	(5,567)	(5,279)
	2,673	2,628

See accompanying notes to the unaudited interim financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS
(unaudited)

1. BASIS OF PRESENTATION

The accompanying unaudited interim financial statements of Enbridge Income Fund (the Fund) have been prepared in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements and should be read in conjunction with the Fund's financial statements and notes thereto for the year ended December 31, 2015. In the opinion of management, the interim financial statements contain all adjustments, consisting only of normal recurring adjustments, which management considers necessary to present fairly the Fund's financial position as at March 31, 2016 and results of operations and cash flows for the three month periods ended March 31, 2016 and 2015. These interim financial statements follow the same significant accounting policies as those included in the Fund's audited financial statements as at and for the year ended December 31, 2015, except for the adoption of new standards *(Note 2)*. Amounts are stated in Canadian dollars unless otherwise noted.

THE 2015 TRANSACTION
On September 1, 2015, Enbridge Income Partners LP (EIPLP) acquired 100% interests in entities holding certain Canadian liquids pipelines, storage and renewable energy assets from Enbridge Inc. (Enbridge) and certain of its subsidiaries for an aggregate consideration of $30.4 billion plus incentive distribution and performance rights, less working capital adjustments (the 2015 Transaction).

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

2. CHANGES IN ACCOUNTING POLICIES

ADOPTION OF NEW STANDARDS
Simplifying the Presentation of Debt Issuance Costs
Effective January 1, 2016, the Fund adopted Accounting Standards Update (ASU) 2015-03 on a retrospective basis which, as at December 31, 2015, resulted in a decrease in Deferred amounts and other assets of $7 million and a corresponding decrease in Long-term debt of $7 million. The new standard requires debt issuance costs related to a recognized debt liability to be presented in the Statements of Financial Position as a direct deduction from the carrying amount of that debt liability, consistent with the presentation of debt discounts or premiums. Further, effective January 1, 2016, the Fund adopted ASU 2015-15 which clarifies that debt issuance costs associated with line-of-credit arrangements may be deferred as an asset and subsequently amortized over the term of the arrangement. The adoption of ASU 2015-15 did not have a material impact on the Fund's financial statements.

Amendments to the Consolidation Analysis
Effective January 1, 2016, the Fund adopted ASU 2015-02 on a modified retrospective basis, which amended and clarified the guidance on variable interest entities (VIEs). There was a significant change in the assessment of limited partnerships and other similar legal entities as VIEs, including the removal of the presumption that the general partner should consolidate a limited partnership. As a result, the Fund has determined that the limited partnership that is currently equity accounted for is a VIE. The amended guidance did not impact the Fund's accounting treatment of the entity, however, material disclosures for VIEs have been provided, as necessary.

Development Stage Entities
Effective January 1, 2016, the Fund adopted ASU 2014-10, relating to the amendment eliminating the exception to the sufficiency of equity at risk criteria for development stage entities on a retrospective

basis. The new criteria amended the consolidation guidance to eliminate the development stage entity relief when applying the VIE model and evaluating the sufficiency of equity at risk. The adoption of the pronouncement did not have a material impact on the Fund's financial statements.

FUTURE ACCOUNTING POLICY CHANGES

Simplifying the Equity Method of Accounting

ASU 2016-07 was issued in March 2016 with the intent of simplifying the equity method of accounting by eliminating the requirement to retrospectively apply the equity method to an investment that subsequently qualifies for such accounting as a result of an increase in the level of ownership interest or degree of influence. Consequently, the equity method of accounting will be applied prospectively from the date significant influence is obtained. The cost of acquiring an additional interest in the investee, if any, will be added to the current basis of the previously held interest. For available-for-sale securities that become eligible for the equity method of accounting, any unrealized gain or loss recorded within Accumulated other comprehensive income/(loss) (AOCI) will be recognized in earnings on the date the investment initially qualifies for the use of the equity method. The Fund is currently assessing the impact of the new standard on its financial statements. The accounting update is effective December 15, 2016 and is to be applied prospectively.

Derivative Contract Novations on Existing Hedge Accounting Relationships

ASU 2016-05 was issued in March 2016 with the intent of clarifying that a change in one of the counterparties to the derivative instrument does not require de-designation of that hedge accounting relationship provided that all other hedge accounting criteria continue to be met. The Fund is currently assessing the impact of the new standard on its financial statements. The accounting update is effective December 15, 2016 and may be applied on a prospective or modified retrospective basis.

3. LONG-TERM INVESTMENT

INVESTMENT IN ENBRIDGE COMMERCIAL TRUST

ECT is a VIE as the holders of the common units of ECT lack decision making abilities. Enbridge has the power to make decisions which impact ECT's performance and therefore, the Fund is not considered the primary beneficiary of ECT and equity accounts for its investment in ECT.

As at March 31, 2016, the Fund's maximum exposure to loss is limited to the carrying amount of its equity investment in ECT, which is $1,829 million (December 31, 2015 – $1,781 million). ECT's assets consist primarily of an equity investment in EIPLP and affiliate receivables. ECT's liabilities are primarily comprised of preferred units of ECT (ECT Preferred Units), held by Enbridge, and affiliate loans. As at March 31, 2016, the carrying value of ECT's assets was $4,206 million and the carrying value of its liabilities was $2,377 million.

	March 31, 2016	December 31, 2015
(millions of Canadian dollars)		
Balance at beginning of period[1]	**1,781**	1,568
Investment acquired	**-**	3,874
Reversal of redemption value adjustment attributable to ECT Preferred Units	**-**	1,260
The 2015 Transaction adjustments:		
Equity true-up – September 1, 2015	**-**	2,866
EIPLP's excess purchase price over historical carrying value acquired	**(6)**	(7,259)
Equity investment other comprehensive income	**-**	(32)
Other	**-**	(16)
Equity investment income	**238**	7
Equity investment other comprehensive income	**(60)**	(3)
Equity investment dilution gain/(loss), net	**16**	(316)
Distributions	**(140)**	(168)
Balance at end of period	**1,829**	1,781

1 Opening balance for 2015 as at September 1, 2015, following the change in accounting of ECT from consolidation to equity method accounting.

At March 31, 2016 the Fund owned 280.3 million common units of ECT (December 31, 2015 – 280.3 million common units of ECT), which is all of ECT's issued and outstanding common units. Prior to September 1, 2015, ECT was a subsidiary of the Fund and was consolidated.

INDIRECT INVESTMENT IN EIPLP

EIPLP is considered a VIE as its limited partners lack substantive kick-out rights and participating rights. As the Fund does not have the power to direct the activities that most significantly impact EIPLP's economic performance, the Fund is not considered the primary beneficiary of EIPLP.

As the Fund does not directly own an interest in EIPLP, its maximum exposure to loss equates to its indirect investment in EIPLP through the ownership of ECT. At March 31, 2016, the Fund, through its 100% ownership of ECT, owned 356.8 million (December 31, 2015 – 356.8 million) of EIPLP's issued and outstanding EIPLP Class A units, representing an indirect ownership of 44.4% (2015 – 44.5%) of EIPLP's total issued and outstanding common units.

	March 31, 2016	December 31, 2015
(millions of Canadian dollars)		
Balance at beginning of period[1]	**3,902**	3,086
Investment acquired	**-**	3,874
The 2015 Transaction adjustments:		
Equity true-up – September 1, 2015	**-**	4,687
EIPLP's excess purchase price over historical carrying value acquired	**(6)**	(7,259)
Equity investment other comprehensive income	**-**	(32)
Other	**-**	(16)
Equity investment income	**317**	104
Equity investment other comprehensive income	**(60)**	(3)
Equity investment dilution gain/(loss), net	**16**	(316)
Distributions	**(199)**	(223)
Balance at end of period	**3,970**	3,902

1 Opening balance for 2015 as at September 1, 2015, following the change in accounting of ECT from consolidation to equity method accounting.

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

Three months ended March 31,	**2016**
(millions of Canadian dollars)	
Revenues	**1,540**
Earnings	**780**

	March 31, 2016	December 31, 2015
(millions of Canadian dollars)		
Current assets	**1,089**	794
Property, plant and equipment, net	**21,700**	21,064
Other non-current assets	**3,752**	3,776
Current liabilities	**2,250**	1,928
Long-term debt	**6,151**	5,575
Other non-current liabilities	**9,198**	9,368

4. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

MARKET PRICE RISK

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

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

Interest Rate Risk

The Fund's earnings, cash flows and OCI are exposed to short term interest rate variability due to the regular repricing of its variable rate debt, primarily credit facilities. Floating to fixed interest rate swaps are used to hedge against the effect of future interest rate movements. The Fund has implemented a program to mitigate the volatility of short-term interest rates on interest expense with the execution of floating to fixed rate interest rate swaps through 2018 at an average swap rate of 2.3%.

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

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

TOTAL DERIVATIVE INSTRUMENTS

The following table summarizes the Statements of Financial Position location, carrying value and fair value of the Fund's derivative instruments. The Fund did not have any outstanding fair value hedges or net investment hedges as at March 31, 2016 or December 31, 2015.

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

March 31, 2016	Derivative Instruments used as Cash Flow Hedges	Non-Qualifying Derivative Instruments	Total Derivative Instruments as Presented	Amounts Available for Offset	Total Net Derivative Instruments
(millions of Canadian dollars)					
Current portion of derivative assets					
Foreign exchange contracts	**-**	**2**	**2**	**-**	**2**
	-	**2**	**2**	**-**	**2**
Current portion of derivative assets – affiliates					
Foreign exchange contracts	**-**	**15**	**15**	**(2)**	**13**
	-	**15**	**15**	**(2)**	**13**
Long-term portion of derivative assets					
Foreign exchange contracts	**-**	**1**	**1**	**-**	**1**
	-	**1**	**1**	**-**	**1**
Long-term portion of derivative assets - affiliates					
Foreign exchange contracts	**-**	**73**	**73**	**(1)**	**72**
	-	**73**	**73**	**(1)**	**72**
Current portion of derivative liabilities					
Interest rate contracts	**(3)**	**-**	**(3)**	**-**	**(3)**
Foreign exchange contracts	**-**	**(15)**	**(15)**	**-**	**(15)**
	(3)	**(15)**	**(18)**	**-**	**(18)**
Current portion of derivative liabilities – affiliates					
Interest rate contracts	**(60)**	**-**	**(60)**	**-**	**(60)**
Foreign exchange contracts	**-**	**(2)**	**(2)**	**2**	**-**
	(60)	**(2)**	**(62)**	**2**	**(60)**
Long-term portion of derivative liabilities					
Interest rate contracts	**(58)**	**-**	**(58)**	**-**	**(58)**
Foreign exchange contracts	**-**	**(73)**	**(73)**	**-**	**(73)**
	(58)	**(73)**	**(131)**	**-**	**(131)**
Long-term portion of derivative liabilities – affiliates					
Interest rate contracts	**(10)**	**-**	**(10)**	**-**	**(10)**
Foreign exchange contracts	**-**	**(1)**	**(1)**	**1**	**-**
	(10)	**(1)**	**(11)**	**1**	**(10)**
Total net derivative asset/(liability)					
Interest rate contracts	**(131)**	**-**	**(131)**	**-**	**(131)**
Foreign exchange contracts	**-**	**-**	**-**	**-**	**-**
	(131)	**-**	**(131)**	**-**	**(131)**

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

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

March 31, 2016	2016	2017	2018	2019	2020	Thereafter
Interest rate contracts - short-term borrowings *(millions of Canadian dollars)*	**219**	**326**	**319**	**1**	**-**	**-**
Interest rate contracts - long-term borrowings *(millions of Canadian dollars)*	**720**	**330**	**100**	**-**	**-**	**-**
Foreign exchange contracts - U.S. dollar forwards - purchase *(millions of United States dollars)*	**82**	**99**	**92**	**57**	**63**	**291**
Foreign exchange contracts - U.S. dollar forwards - sell *(millions of United States dollars)*	**82**	**99**	**92**	**57**	**63**	**291**

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

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

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

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Amount of unrealized gains/(loss) recognized in OCI		
Interest rate contracts	**(67)**	(19)
Foreign exchange contracts	**-**	1
Commodity contracts	**-**	2
Total unrealized gains/(loss) recognized in OCI	**(67)**	(16)
Amount of (gains)/loss reclassified from AOCI to earnings *(effective portion)*		
Interest rate contracts[1]	**1**	1
Commodity contracts[2]	**-**	(1)
Total (gains)/loss reclassified from AOCI to earnings *(effective portion)*	**1**	-

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

The estimated net amount of existing losses reported in AOCI that is expected to be reclassified to net income within the next 12 months is $7 million. Actual amounts reclassified to earnings depend on the interest rates in effect when derivative contracts that are currently outstanding are settled.

Non-Qualifying Derivatives

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

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Foreign exchange contracts[1]	**-**	60
Total unrealized derivative fair value loss	**-**	60

1 Reported within Other income in the Statements of Earnings.

LIQUIDITY RISK

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

CREDIT RISK

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

The Fund had group credit concentrations and maximum credit exposure, with respect to derivative instruments, in the following counterparty segments:

	March 31, 2016	December 31, 2015
(millions of Canadian dollars)		
European financial institutions	**4**	-
Due from affiliate	**88**	127
	92	127

FAIR VALUE MEASUREMENTS

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

Level 1

Level 1 includes financial instruments measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date. An active market for a financial instrument is considered to be a market where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Fund did not have any financial instruments categorized as Level 1 as at March 31, 2016 or December 31, 2015.

Level 2

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

Level 3

Level 3 includes financial instrument valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the financial instruments' fair value. Generally, Level 3 financial instruments are longer dated transactions, occur in less active markets, occur at locations where pricing information is not available or have no binding broker quote to support Level 2 classification. The Fund did not have any financial instruments categorized as Level 3 as at March 31, 2016 or at December 31, 2015.

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

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

March 31, 2016	Level 1	Level 2	Level 3	Total Gross Derivative Instruments
(millions of Canadian dollars)				
Financial assets				
Current derivative assets	**-**	**17**	**-**	**17**
Long-term derivative assets	**-**	**74**	**-**	**74**
Financial liabilities				
Current derivative liabilities	**-**	**(80)**	**-**	**(80)**
Long-term derivative liabilities	**-**	**(142)**	**-**	**(142)**
Total net asset/(liability)	**-**	**(131)**	**-**	**(131)**

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

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

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Level 3 net derivative asset at beginning of period	**-**	2
Total gains, unrealized		
Included in OCI	**-**	1
Settlements	**-**	-
Level 3 net financial asset at end of period	**-**	3

The Fund's policy is to recognize transfers as at the last day of the reporting period. There were no transfers between levels as at March 31, 2016 and December 31, 2015.

FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

At March 31, 2016, the Fund's long-term debt had a fair value of $2,439 million (December 31, 2015 – $2,395 million). This fair value measurement has been classified as a Level 2 fair value measurement.

5. TRUST UNITS

	2016		2015	
Three months ended March 31,	Number of Units	Amount	Number of Units	Amount
(millions of Canadian dollars, number of units in millions)				
Trust units, beginning of period	**191**	**5,266**	80	3,187
Redemption value adjustment	**-**	**285**	-	(248)
Units issued[1]	**-**	**5**	-	-
Trust units, end of period[2]	**191**	**5,556**	80	2,939

1 0.2 million units issued in the three months ended March 31, 2016 (2015 – nil).
2 Enbridge owned 94.2 million trust units at March 31, 2016 (2015 – 10 million).

On April 20, 2016, the Fund issued 25.4 million trust units to Enbridge Income Fund Holdings Inc. for gross proceeds of $718 million.