ENBRIDGE INCOME FUND HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

This Management's Discussion and Analysis (MD&A) dated February 19, 2016 should be read in conjunction with the audited financial statements and notes thereto of Enbridge Income Fund Holdings Inc. (ENF or the Company) for the year ended December 31, 2015, prepared in accordance with International Financial Reporting Standards (IFRS). All financial information is presented in Canadian dollars, unless otherwise indicated. Additional information related to the Company, including its Annual Information Form (AIF), is available on SEDAR at www.sedar.com.

OVERVIEW

The Company is a publicly traded corporation whose common shares trade on the Toronto Stock Exchange (TSX) under the symbol ENF. The Company's business is limited to its ownership interest in Enbridge Income Fund (the Fund) and its objective is to pay out a high proportion of available cash in the form of dividends to shareholders.

The Fund is an unincorporated open-ended trust established by a trust indenture under the laws of the Province of Alberta. The Fund, through its indirect investment in Enbridge Income Partners LP (EIPLP), is involved in the transportation, storage and generation of energy. EIPLP owns interests in liquids transportation and storage assets, including the Canadian Mainline, a 50% interest in the Canadian and United States segments of the Alliance Pipeline, which transports natural gas, and renewable and alternative power generation assets.

The unitholders of the Fund are the Company and Enbridge Inc. (Enbridge), a North American transporter, distributor and generator of energy listed on the TSX and New York Stock Exchange. The Company is managed by Enbridge Management Services Inc. (EMSI or the Manager), a wholly-owned subsidiary of Enbridge. EMSI also serves as the manager of the Fund, Enbridge Commercial Trust (ECT), a wholly-owned investment of the Fund, and EIPLP. EIPLP is a limited partnership between ECT and Enbridge. The Fund, ECT, EIPLP and the subsidiaries and investees of EIPLP are referred to as the Fund Group.

Enbridge held 19.9% of the Company's common shares as at December 31, 2015 (December 31, 2014 – 19.9%). At December 31, 2015, the Company held 50.8% (2014 – 88.1%) of the issued and outstanding ordinary trust units of the Fund (Fund Units) and Enbridge held the remaining 49.2% (2014 – 11.9%) of the Fund Units. Enbridge's total economic interest in the Fund Group was 89.2% at December 31, 2015 and at February 17, 2016 based on its indirect interest in the Fund through ENF, its direct interest in Fund Units, its interest in preferred units of ECT (ECT Preferred Units) and its interest in common units of EIPLP.

The 2015 Transaction

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

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

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

Upon closing of the 2015 Transaction, Enbridge acquired a controlling interest in EIPLP of approximately 57.2%, reducing ECT's ownership to approximately 42.8%. Additionally, Enbridge now holds a 51% direct interest in the general partner of EIPLP. As a result, ECT prospectively applied the equity method to account for its investment in EIPLP. The ECT trust indenture was amended to provide for appointment of trustees by Enbridge in accordance with its economic interest in ENF and the Fund Group. The Fund ceased to consolidate ECT as it is no longer the primary beneficiary of ECT. The Fund continues to participate in the ownership and management of the indirectly owned entities held by EIPLP through its governance structure, which includes trustee oversight and decision making related to the underlying assets. The Fund prospectively applied the equity method to account for its investment in ECT as it has significant influence through its 100% ownership of common units in ECT.

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

ENF Financial Performance
The Company's earnings and cash flows are derived from its investment in the Fund and are dependent upon its ownership interest, the cash distributions per unit paid by the Fund and income taxes. Readers are encouraged to read the Fund's financial statements and MD&A which are filed on SEDAR at www.sedar.com.

	Three months ended December 31,		Year ended December 31,		
	2015	2014	**2015**	2014	2013
(thousands of Canadian dollars, except per unit and per share amounts and share amounts)					
Fund Unit distribution per unit	**$0.4723**	$0.4500	**$1.8892**	$1.6674	$1.6122
Cash distributions declared to holders of Fund Units[1]	**86,138**	34,067	**212,603**	114,395	105,751
Percentage of units held by ENF[2]	**42.8%-50.8%**	85.6%-88.1%	**42.8%-88.1%**	85.6%-88.1%	84.5%-85.6%
Distribution income, ENF	**41,672**	29,791	**141,350**	98,555	90,435
Interest income and other	**481**	334	**1,656**	1,128	609
Income tax	**(1,212)**	(1,627)	**(4,895)**	(6,127)	(4,474)
Earnings, ENF	**40,941**	28,498	**138,111**	93,556	86,570
Earnings per common share	**$0.47**	$0.44	**$1.86**	$1.60	$1.55
Diluted earnings per common share	**$0.46**	$0.44	**$1.83**	$1.60	$1.55
Cash flow from operating activities	**37,380**	25,620	**132,120**	87,837	92,174
Dividends declared	**37,429**	25,826	**119,697**	84,091	75,264
Dividends per common share	**$0.4242**	$0.3721	**$1.5936**	$1.4035	$1.3417
Total assets[3]			**2,740,056**	2,849,769	1,346,926
Number of common shares outstanding[3]			**97,186,918**	70,351,000	56,491,000

1 Readers are encouraged to read EIPLP's consolidated financial statements and MD&A which are filed under the Fund's profile on SEDAR at www.sedar.com.
2 Represents the range of the Company's ownership of Fund Units during the periods presented.
3 As at December 31, 2015, 2014 and 2013.

Cash distributions declared to holders of Fund Units has increased significantly in 2015. The primary drivers for the increased distributions were additional Fund Units outstanding as result of both the 2015 Transaction and the 2014 Transaction and the compounding impact of the annual increase in the monthly Fund Unit distribution in 2014 and 2013.

The Company's distribution income has grown in 2015 as a result of the Fund Unit distribution increase and further investment in the Fund over the period by the Company. In November of 2015, the Company made a further investment in Fund Units, increasing its ownership of the Fund from 42.8% at September 1, 2015 to 50.8% at December 31, 2015. As the Company did not participate in the Fund Unit issuance in September 2015 that occurred in connection with the 2015 Transaction, the Company's ownership of the issued and outstanding Fund Units decreased from 88.1% at December 31, 2014, to 42.8% at September 30, 2015.

The Company incurs income taxes on distributions received from the Fund, the level of which will vary depending on the taxability of such distributions in any given year. To the extent that a portion of the distribution represents a tax-free inter-corporate dividend or return of capital, cash tax will not be incurred on a portion of the distribution. The Company recorded lower current income tax expense for the year ended December 31, 2015 as compared to the prior year as a lesser portion of the distributions were taxable due to the 2015 Transaction.

The Company pays monthly dividends to its shareholders. Dividends for the year ended December 31, 2015 were declared at an annual aggregate rate of $1.5936 per common share representing total dividends of $119.7 million and an earnings payout ratio of 86.7%. As a result of the 2015 Transaction, the Company increased its monthly dividend per common share by 10% to $0.1414 per common share from $0.1285 per common share due to the anticipated growth in distributions from the Fund and lower taxes payable by the Company in 2015 given an overall decrease in the taxability of the distributions from the Fund. Dividends for the year ended December 31, 2014 were declared at an annual aggregate rate of $1.4035 per common share representing total dividends of $84.1 million and an earnings payout ratio of 89.9%.

In December 2015, the Company further increased its monthly dividend per common share by 10% to $0.1555 per common share effective with the January 2016 dividend.

FORWARD-LOOKING INFORMATION

Forward-looking information, or forward-looking statements, have been included in this MD&A to provide information about the Company and the Fund Group, including management's assessment of future plans and operations of the Company and 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 earnings/(loss) per share; expected adjusted earnings/(loss); expected future cash flows; expected capital expenditures; expectations regarding, and anticipated impact of the 2015 Transaction; estimated future dividends or distributions and dividend payout expectation.

Although the Company 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; 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 Company's or the Fund Group's future cash flows and capital project funding; the Fund Group's credit ratings; expected earnings/(loss) or adjusted earnings/(loss); expected earnings/(loss) per share; expected future cash flows; and estimated future dividends or *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 Company and 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) and associated per share amounts, the impact of the 2015 Transaction or estimated future dividends or 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 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 Company's and the Fund Group's forward-looking statements are subject to risks and uncertainties pertaining to the impact of the 2015 Transaction, operating performance, regulatory parameters, project approval and support, weather, economic and competitive conditions, changes in tax law and tax rate increases, exchange rates, interest rates, commodity prices and supply of and demand for commodities, including but not limited to those risks and uncertainties discussed in this MD&A and in the Company's and 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 Company's or 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 Company and the Fund Group assume 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 Company or the Fund Group or persons acting on the Company's or the Fund Group's behalf, are expressly qualified in their entirety by these cautionary statements.

FUND GROUP OBJECTIVES AND STRATEGY

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

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

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

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

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

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

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

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

The Company pays out a high proportion of the distributions received from the Fund. Retained cash is expected to be used for future income tax payments and as a reserve to sustain a predictable stream of dividends to its shareholders over the long term. Cash not required to fund dividends or to meet working capital requirements is advanced to a subsidiary corporation of EIPLP pursuant to a subordinated demand loan with an interest rate of 4.25% per annum. At December 31, 2015, $47.8 million (2014 - $30.6 million) was outstanding to the Company.

The Company's working capital requirements are not expected to be significant in 2016. The Company has an agreement with ECT whereby ECT reimburses the Company for certain corporate costs.

The Company did not have any outstanding long-term debt as at December 31, 2015 and 2014.

Additional capital resources to finance the Company's future investment in the Fund are expected to be available through access to equity markets, subject to the Company's ability to access the market on favourable terms.

OPERATING ACTIVITIES

Cash flows from operating activities totalled $132.1 million for the year ended December 31, 2015 (2014 – $87.8 million). Cash flows from operating activities represented distributions received from the Fund, net of income taxes and changes in operating assets and liabilities.

The Fund declared distributions to the Company of $1.8892 per unit in 2015 or $212.6 million in aggregate (2014 – $1.6674 per unit or $114.4 million in aggregate).

FINANCING ACTIVITIES
In November 2015, the Company completed a public offering of 21.5 million common shares at a price of $32.60 per common share for gross proceeds of $700.1 million. Concurrent with the closing, Enbridge subscribed for 5.3 million common shares at a price of $32.60 per common share on a private placement basis to maintain its 19.9% ownership interest in the Company.

The Company's shareholders are able to participate in an amended Dividend Reinvestment and Share Purchase Plan (DRIP). Effective with the November 2015 dividend declaration, registration in the DRIP enabled the Company's shareholders to reinvest their dividends in common shares of the Company at a 2% discount to market price and to make additional optional cash payments to purchase common shares, free of brokerage or other charges. The issuance of common shares from treasury for dividends reinvested pursuant to the DRIP enables the Company to retain cash which it in turn uses to purchase additional Fund Units. For the year ended December 31, 2015, the Company retained $0.7 million of cash in respect of reinvested dividends, representing a 5.1% participation rate in the DRIP.

In October 2014, in connection with the 2014 Transaction, the Company completed a bought deal offering of 11.1 million subscription receipts at a price of $30.35 per subscription receipt for gross proceeds of $336.9 million. The gross proceeds were held in escrow pending completion of the 2014 Transaction. In November 2014, the 2014 Transaction was completed and each holder of a subscription receipt automatically received one common share of the Company and a cash payment of $0.1150 per common share, an amount equal to the dividend payable to shareholders of record on October 31, 2014. Concurrently with the closing of the 2014 Transaction, 2.8 million common shares were issued on a private placement basis to Enbridge at $30.35 per common share for gross proceeds of $83.8 million to maintain its 19.9% ownership interest in the Company.

The Company declared dividends of $1.5936 per common share in 2015 or $119.7 million in aggregate (2014 – $1.4035 per common share or $84.1 million in aggregate).

INVESTING ACTIVITIES
Proceeds of $874.7 million from the Company's equity offerings and DRIP treasury issuances in the fourth quarter of 2015 were used to subscribe for 26.8 million Fund Units.

Also included in investing activities are advances to and repayments from a subsidiary corporation of EIPLP pursuant to a subordinated demand loan. These activities are considered related party transactions, as discussed below.

The proceeds from the issuance of common shares in the fourth quarter of 2014 for $420.7 million were used by the Company to subscribe for 13.9 million Fund Units at a price of $30.35 per unit.

RELATED PARTY TRANSACTIONS

In 2015, the Company advanced $17.2 million, net of repayments (2014 – $6.4 million) to a subsidiary corporation of EIPLP pursuant to a subordinated demand loan. At December 31, 2015, $47.8 million (2014 – $30.6 million) was outstanding on the loan. Interest on the demand loan was charged at 4.25% per annum. Interest income earned on the loan was $1.7 million (2014 – $1.1 million) for the year ended December 31, 2015 and $0.1 million (2014 – $0.1 million) was included in accounts receivable and other as at December 31, 2015.

In connection with the Company's November 2015 public offering of 21.5 million common shares, the Fund reimbursed the Company for share issue costs of $28.4 million pursuant to a payment assistance agreement. Proceeds from the equity offering were used by the Company to purchase additional Fund Units, which will ultimately be used to fund the secured capital growth projects associated with the Canadian liquids pipeline assets owned by EIPLP.

In connection with the Company's October 2014 public offering of 11.1 million subscription receipts, the Fund reimbursed the Company for share issue costs of $13.7 million pursuant to a payment assistance agreement. Proceeds from the offering of subscription receipts, which were subsequently converted into common shares in November 2014, were used by the Company to purchase additional Fund Units pursuant to the 2014 Transaction.

At December 31, 2015, accounts payable to the Fund totalled $1.8 million (2014 – nil) related to corporate costs paid by the Fund and Fund Units issued in December 2015. Accounts payable to Enbridge were nil (2014 – $0.1 million) as at December 31, 2015.

The Company has an agreement with ECT whereby ECT reimburses the Company for certain corporate costs. ECT reimbursed the Company $0.9 million (2014 – $0.9 million) for corporate costs incurred in 2015. At December 31, 2015, accounts receivable from ECT were nil (2014 – $0.1 million).

The Company has an agreement with EMSI to provide management and administrative services to the Company. Provided that the Fund is paying a base fee to EMSI for the services received by the Fund, no fee is payable to EMSI by the Company, as was the case for the years ended December 31, 2015 and 2014.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

MARKET PRICE RISK

The Company's Other comprehensive income (OCI) is subject to market price risk resulting from changes in the fair value of the Company's investment in the Fund, which is referenced to the Company's common share price. The Company does not typically manage this risk. A $1.00 increase or decrease in the Company's common share price at December 31, 2015 would have resulted in an increase or decrease in OCI, before income taxes of $97.2 million and approximately $84.1 million after income taxes (2014 – $70.4 million, $61.6 million, respectively) due to the revaluation of the investment.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accounts payable and accrued liabilities and dividends payable are due within one month. In order to manage this risk, the Company forecasts its cash flow over the near and long term and ensures that sufficient funds will be available when required. The Company's primary source of liquidity is cash distributions it receives from its investment in the Fund. Additional liquidity, if necessary, is expected to be available through collection of amounts advanced to a subsidiary corporation of EIPLP pursuant to a subordinated demand loan.

The future level of distributions received from the Fund may vary depending on, but not limited to, the performance of the Fund's business through its indirect investment in EIPLP, the level of continued investment or the Fund Group's ability to obtain financing. Further factors which may impact the Fund's ability to sustain distributions include future demand for the services provided by EIPLP's businesses and the Fund's ability to comply with covenants in its debt agreements and repay or refinance its debt as it comes due.

The Company oversees its investment in the Fund through its Directors who are also ECT Trustees. The ECT Board of Trustees provides oversight of the Fund and the future sustainability of distributions through the pursuit of growth opportunities, where it sees fit.

CREDIT RISK

Credit risk arises from the possibility that a counterparty may default on its contractual obligations to the Company. The demand loan due from an affiliate, accounts receivable, interest receivable and distributions receivable are subject to credit risk, the maximum exposure of which is the carrying value as presented on the statement of financial position. The Company's credit risk is mitigated as the majority of its financial assets are with affiliates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

At December 31, 2015 and 2014, the Company's financial instruments were comprised of the Company's investment in the Fund, a demand loan due from a subsidiary corporation of EIPLP, cash and cash equivalents, accounts receivable, distributions receivable, accounts payable and accrued liabilities and dividends payable. The fair value of the Company's investment in the Fund is based on the quoted market price of the Company's common shares adjusted for assets and liabilities of the Company which are not applicable to the Fund. The fair value of cash and cash equivalents, the demand loan due from a subsidiary corporation of EIPLP, accounts receivable, distributions receivable, accounts payable and accrued liabilities and dividends payable approximates their carrying values due to their short-term maturities.

BUSINESS RISKS

Readers are referred to the "Risk Management" disclosure in the Fund's MD&A and EIPLP's MD&A as well as "Risk Factors" in the Company's AIF and the Fund's AIF.

The following are certain risk factors relating to the activities of the Company and ownership of ENF common shares.

Future Dividends

Dividends declared on the common shares will be wholly-dependent on the declaration of distributions by the Fund. Future dividend payments by the Company and the level thereof are uncertain as the Company's dividend practices and the funds available for the payment of dividends from time to time will be dependent upon, among other things, operating cash flow generated by investees of the Fund and their respective operations and investments, financial requirements for the Fund and its investees' operations and the Fund's ability to execute its growth strategy.

Pre-emptive Right

Pursuant to pre-emptive rights contained in the Fund Trust Indenture, the Company and Enbridge are entitled to acquire any Fund Units proposed to be issued by the Fund in proportion to their respective economic interest in the Fund. If the Company fails to fully subscribe for its proportionate economic interest, its holdings in the Fund may be diluted.

Restriction in Business Activities

The Company's business is restricted to investment in the Fund. Therefore, the Company's financial results are dependent on the Fund. The inability of the Fund to manage its business and investments effectively could have a material adverse impact on the Company's operations and prospects. Further, the level of the consolidated indebtedness of the Fund and its investees from time to time could impair the Company's ability to obtain additional financing on a timely basis to take advantage of permitted business opportunities that may arise.

Availability of Financing

If the Company pays out a high proportion of the distributions received from the Fund to shareholders by way of dividend, it may have to enter into financings or other transactions involving the issuance of securities by the Company in order to obtain funds for business purposes. An inability to raise new equity capital may limit the Company's ability to grow and execute its business plan. The issuance of equity securities may also be dilutive to shareholders.

FUTURE ACCOUNTING POLICIES

Financial Instruments

IFRS 9 (2014), *Financial Instruments*, addresses classification and measurement of financial assets. IFRS 9 (2014) replaces the model for measuring equity instruments and generally requires the recognition of a financial instrument's fair value through earnings, except in limited circumstances. The Company is currently assessing the impact of the new standard on its financial statements. This standard is effective for accounting periods beginning on or after January 1, 2018 with early adoption permitted.

Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers*, replaces the existing revenue recognition and guidance and provides a single, principles based five-step model to be applied to all contracts with customers. The adoption of the pronouncement is not anticipated to have a material impact on the Company's financial statements. In July 2015, the effective date of the new standard was delayed by one year and the new standard is now effective for annual and interim periods beginning on or after January 1, 2018.

Leases

IFRS 16, *Leases*, specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. The adoption of the pronouncement is not anticipated to have a material impact on the Company's financial statements. This standard is effective for accounting periods beginning on or after January 1, 2019.

CRITICAL ACCOUNTING ESTIMATES

LONG-TERM INVESTMENT

The Company holds an investment in the Fund, representing 50.8% (2014 – 88.1%) of the outstanding Fund Units as at December 31, 2015. The Company accounts for its investment as an available-for-sale financial asset. Management concluded that the Company does not control the Fund, but rather that Enbridge, through the combination of direct and indirect equity interests, ECT Preferred Unit investment, and its role as manager of the Fund, is the primary beneficiary of the Fund. Significant estimates are also required in determining the fair value and recoverability of the investment. The fair value of the investment is estimated by relying on the quoted market price of the Company's common shares adjusting for other assets and liabilities not attributable to the Fund and significant or prolonged declines in fair value below cost are assessed for evidence of impairment.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed in reports filed with, or submitted to, securities regulatory authorities is recorded, processed, summarized and reported within the time periods specified under Canadian securities law. Based on the requirements of National Instrument 52-109 (NI 52-109), EMSI evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in NI 52-109) and concluded that the Company's disclosure controls and procedures were effective as of December 31, 2015.

MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Manager of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in the rules of the Canadian Securities Administrators. The Company's internal control over financial reporting is a process designed, under the supervision and with the participation of executive and financial officers of the Manager of the Company, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with IFRS.

The Company's internal controls over financial reporting include policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect transactions and dispositions of assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

The Company's internal control over financial reporting may not prevent or detect all misstatements because of inherent limitations of any control system. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

EMSI assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2015, based on the framework established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, the Manager concluded that the Company maintained effective internal control over financial reporting as of December 31, 2015.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table presents a summary of the Company's quarterly financial results.

2015	Q1	Q2	Q3	Q4	Total
(thousands of Canadian dollars, except per share amounts)					
Revenues	**33,569**	**33,615**	**33,669**	**42,153**	**143,006**
Earnings	**30,828**	**30,642**	**35,700**	**40,941**	**138,111**
Earnings per common share	**0.44**	**0.43**	**0.51**	**0.47**	**1.86**
Diluted earnings per common share	**0.44**	**0.43**	**0.50**	**0.46**	**1.83**
Dividends declared per common share	**0.3855**	**0.3855**	**0.3984**	**0.4242**	**1.5936**

2014	Q1	Q2	Q3	Q4	Total
(thousands of Canadian dollars, except per share amounts)					
Revenues	23,173	23,176	23,209	30,125	99,683
Earnings	21,655	21,695	21,708	28,498	93,556
Earnings per common share	0.38	0.38	0.38	0.44	1.60
Diluted earnings per common share	0.38	0.38	0.38	0.44	1.60
Dividends declared per common share	0.3438	0.3438	0.3438	0.3721	1.4035

- In November 2015, the Company subscribed for 26.8 million Fund Units with proceeds from the Company's issuance of common shares to the public and Enbridge, which increased the total Fund Units owned by the Company from 70.4 million to 97.2 million. The incremental ownership of Fund Units increased the amount of distributions received on the Fund Units and therefore, increased the Company's revenues and earnings.
- The Company increased its dividend per common share by 10% to $0.1414 per month effective with the September 2015 dividend as a result of the anticipated growth in distributions from the Fund and decrease in the taxability of the distributions received from the Fund.
- Pursuant to agreements entered into by the Company in connection with the 2015 Transaction, the EIPLP Class C units, ECT Preferred Units and Fund Units may be exchanged into ENF common shares, subject to certain restrictions, creating potential dilution of the Company's earnings per common share.
- The Company increased its dividend per common share by 12.1% to $0.1285 per month effective with the November 2014 dividend.
- The Company subscribed for 13.9 million Fund Units in November 2014 in connection with the 2014 Transaction, which increased the total Fund Units owned by the Company from 56.5 million to 70.4 million. The incremental ownership of Fund Units increased the amount of distributions received on the Fund Units and therefore, increased the Company's revenues and earnings.

OUTSTANDING SHARE DATA

As at February 17, 2016, 97.3 million common shares and 1 special voting share of the Company were issued and outstanding.

ENBRIDGE INCOME FUND HOLDINGS INC.

FINANCIAL STATEMENTS

December 31, 2015

MANAGEMENT'S REPORT

To the Shareholders of Enbridge Income Fund Holdings Inc. (ENF)

Financial Reporting

The management of Enbridge Management Services Inc. (EMSI) is responsible for the accompanying financial statements and all related financial information contained in the annual report, including Management's Discussion and Analysis (MD&A). The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and necessarily include amounts that reflect management's judgment and best estimates.

The Board of Directors and the Audit Committee are responsible for all aspects related to governance of ENF. The Audit Committee, composed of independent and financially literate directors, has a specific responsibility to oversee management's efforts to fulfil its responsibilities for financial reporting and internal controls related thereto. The Audit Committee meets with management, internal auditors and independent auditors to review the financial statements and the internal controls as they relate to financial reporting. The Audit Committee reports its findings to the Board for its consideration in approving the financial statements for issuance to the shareholders. The internal auditors and independent auditors have unrestricted access to the Audit Committee.

Internal Control over Financial Reporting

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

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

"signed"

Perry F. Schuldhaus
President

"signed"

Wanda M. Opheim
Chief Financial Officer

February 19, 2016

February 19, 2016

Independent Auditor's Report

To the Shareholders of
Enbridge Income Fund Holdings Inc.

We have audited the accompanying financial statements of Enbridge Income Fund Holdings Inc., which comprise the statements of financial position as at December 31, 2015 and December 31, 2014 and the statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Enbridge Income Fund Holdings Inc. as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Year ended December 31,	**2015**	2014
(thousands of Canadian dollars, except per share amounts)		
Distribution and other income *(Notes 4 and 10)*	**143,006**	99,683
Income tax expense *(Note 6)*	**(4,895)**	(6,127)
Earnings	**138,111**	93,556
Other comprehensive income/(loss)		
Unrealized fair value change in available-for-sale investment *(Note 4)*	**(1,007,825)**	1,072,511
Income tax recovery/(expense) *(Note 6)*	**123,329**	(134,083)
Other comprehensive income/(loss)	**(884,496)**	938,428
Comprehensive income/(loss)	**(746,385)**	1,031,984
Earnings per common share *(Note 5)*	**1.86**	1.60
Diluted earnings per common share *(Note 5)*	**1.83**	1.60

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

STATEMENTS OF CHANGES IN SHAREHOLDERS’ EQUITY

Year ended December 31,	**2015**	2014
(thousands of Canadian dollars)		
Share capital		
Common shares *(Note 5)*		
Balance at beginning of year	**1,342,534**	921,883
Common shares issued	**874,006**	420,651
Dividend reinvestment and share purchase plan	**695**	-
	2,217,235	1,342,534
Special voting share *(Note 5)*	**-**	-
Balance at end of year	**2,217,235**	1,342,534
Share premium *(Note 5)*	**192,458**	192,458
Retained earnings		
Balance at beginning of year	**30,333**	20,868
Earnings	**138,111**	93,556
Common share dividends declared	**(119,697)**	(84,091)
Balance at end of year	**48,747**	30,333
Accumulated other comprehensive income		
Balance at beginning of year	**1,113,617**	175,189
Other comprehensive income/(loss)	**(884,496)**	938,428
Balance at end of year	**229,121**	1,113,617
Total shareholders’ equity	**2,687,561**	2,678,942

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

STATEMENTS OF CASH FLOWS

Year ended December 31,	2015	2014
(thousands of Canadian dollars)		
Operating activities		
Earnings	**138,111**	93,556
Deferred income taxes	**271**	213
Changes in operating assets and liabilities		
Accounts receivable and other	**(709)**	66
Income taxes receivable	**(1,352)**	-
Distributions receivable	**(4,225)**	(3,435)
Accounts payable and accrued liabilities	**(112)**	107
Due to affiliates	**1,676**	113
Income taxes payable	**(1,540)**	(2,783)
	132,120	87,837
Financing activities		
Subscription receipts issued *(Note 5)*	**-**	336,885
Common shares issued *(Note 5)*	**874,006**	83,766
Common share dividends paid *(Note 5)*	**(114,300)**	(81,525)
	759,706	339,126
Investing activities		
Purchase of Enbridge Income Fund trust units *(Note 4)*	**(874,701)**	(420,651)
Demand loan advances to affiliate *(Note 10)*	**(21,250)**	(13,500)
Demand loan repayments from affiliate *(Note 10)*	**4,050**	7,125
	(891,901)	(427,026)
Change in cash and cash equivalents	**(75)**	(63)
Cash and cash equivalents at beginning of year	**207**	270
Cash and cash equivalents at end of year	**132**	207
Supplementary cash flow information		
Income taxes paid	**7,516**	8,831

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

STATEMENTS OF FINANCIAL POSITION

December 31,	**2015**	2014
(thousands of Canadian dollars)		
Assets		
Current assets		
Cash and cash equivalents	**132**	207
Accounts receivable and other	**864**	155
Demand loan due from affiliate *(Note 10)*	**47,825**	30,625
Income taxes receivable	**1,352**	-
Distributions receivable *(Note 4)*	**15,300**	11,075
	65,473	42,062
Investment in Enbridge Income Fund *(Note 4)*	**2,674,583**	2,807,707
Total Assets	**2,740,056**	2,849,769
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	**74**	186
Due to affiliates *(Note 10)*	**1,789**	113
Income taxes payable	**-**	1,540
Dividends payable *(Note 5)*	**13,742**	9,040
	15,605	10,879
Deferred income taxes *(Note 6)*	**36,890**	159,948
	52,495	170,827
Shareholders' equity		
Share capital *(Note 5)*	**2,217,235**	1,342,534
Share premium *(Note 5)*	**192,458**	192,458
Retained earnings	**48,747**	30,333
Accumulated other comprehensive income	**229,121**	1,113,617
	2,687,561	2,678,942
Total Liabilities and shareholders' equity	**2,740,056**	2,849,769

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL BUSINESS DESCRIPTION

Enbridge Income Fund Holdings Inc. (the Company) is a publicly traded corporation, incorporated on March 26, 2010 under the laws of the Province of Alberta. The Company's common shares commenced trading on the Toronto Stock Exchange (TSX) on December 21, 2010. The Company holds an investment in Enbridge Income Fund (the Fund), which is an unincorporated open-ended trust established by a trust indenture under the laws of the Province of Alberta. The Company's registered office is 200, 425 – 1st Street SW, Calgary, Alberta, Canada.

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

2. BASIS OF PREPARATION

The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Amounts are stated in Canadian dollars, the Company's functional and presentation currency, unless otherwise indicated.

The Company has consistently applied the same accounting policies throughout all periods presented, as if these policies had always been in effect.

The policies applied in these financial statements are based on IFRS issued and outstanding as of February 19, 2016, the date the financial statements were authorized for issuance by the Board of Directors.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Measurement
These financial statements have been prepared under the historical cost convention except for the revaluation of available-for-sale financial assets to fair value.

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

Financial Instruments
The Company classifies financial assets and liabilities as held for trading, available-for-sale, loans or receivables and financial liabilities at amortized cost. All financial instruments are initially recorded at fair value on the statement of financial position. Subsequent measurement of the financial instrument is based on its classification.

Available-for-Sale
Available-for-sale financial assets are non-derivatives that are not classified in any of the other categories. The Company's available-for-sale asset is comprised of an investment in the Fund. Available-for-sale financial assets are recognized initially at fair value plus transaction costs and subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income/(loss) (OCI). Distributions from available-for-sale instruments are recognized in earnings when the Company's right to receive payment is established.

The Company accounts for its investment in trust units of the Fund as an available-for-sale financial asset due to the redeemable nature of the Fund's trust units. The redemption feature permits holders to redeem trust units for cash, subject to certain limitations. Further, the Company does not consolidate its investment in the Fund as its investment does not confer control. Enbridge Inc. (Enbridge) is the controlling party for accounting purposes through the combination of its direct and indirect equity interests and preferred unit investment in Enbridge Commercial Trust (ECT), a subsidiary of the Fund, as well as through Enbridge's role as manager of the Fund.

Loans and Receivables
Loans and receivables, which include accounts receivable, demand loan due from affiliate and distributions receivable, are measured at amortized cost, using the effective interest rate method, net of any impairment losses recognized.

Financial Liabilities at Amortized Cost
Other financial liabilities are recorded at amortized cost using the effective interest rate method and include accounts payable and accrued liabilities and dividends payable.

Impairment
With respect to loans and receivables, the Company assesses the assets for impairment when it no longer has reasonable assurance of timely collection. If evidence of impairment is noted, the Company reduces the value of the loan or receivable to its estimated realizable amount, determined using discounted expected future cash flows.

For available-for-sale financial assets, the Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is evidence that the asset is impaired. If any such evidence of impairment exists, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in earnings, is removed from OCI and recognized in earnings. Impairment losses on available-for-sale equity instruments are not reversed.

Income Taxes
The liability method of accounting for income taxes is followed. Deferred income tax assets and liabilities are recorded based on temporary differences between the tax bases of assets and liabilities and their carrying values for accounting purposes. Deferred income tax assets and liabilities are measured using the tax rate that is expected to apply when the temporary differences reverse.

Earnings per Share
Basic earnings per share is calculated by dividing earnings for the year by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding for the potential number of shares which may have a dilutive effect on earnings. The weighted average number of diluted shares is calculated based on the exchange rights of securities issued by the Fund, ECT and EIPLP *(Note 5)*.

Dividends
Dividends on common shares are recognized in the Company's financial statements in the period in which the dividends are declared by the Board of Directors of the Company.

Accounting Estimates
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities in the financial statements. Significant estimates and assumptions used in preparation of the financial statements include, but are not limited to: the fair value of available-for-sale financial asset *(Note 8)*. Actual results could differ from these estimates.

Future Accounting Policy Changes

Financial Instruments

IFRS 9 (2014), *Financial Instruments*, addresses classification and measurement of financial assets. IFRS 9 (2014) replaces the model for measuring equity instruments and generally requires the recognition of a financial instrument's fair value through earnings, except in limited circumstances. The Company is currently assessing the impact of the new standard on its financial statements. This standard is effective for accounting periods beginning on or after January 1, 2018 with early adoption permitted.

Revenue from Contracts with Customers

IFRS 15, *Revenue from Contracts with Customers*, replaces the existing revenue recognition and guidance and provides a single, principles based five-step model to be applied to all contracts with customers. The adoption of the pronouncement is not anticipated to have a material impact on the Company's financial statements. In July 2015, the effective date of the new standard was delayed by one year and the new standard is now effective for annual and interim periods beginning on or after January 1, 2018.

Leases

IFRS 16, *Leases*, specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value. The adoption of the pronouncement is not anticipated to have a material impact on the Company's financial statements. This standard is effective for accounting periods beginning on or after January 1, 2019.

4. INVESTMENT IN ENBRIDGE INCOME FUND

At December 31, 2015, the Company owned 97,186,918 units (December 31, 2014 – 70,351,000 units) or 50.8% (December 31, 2014 – 88.1%), of the Fund's issued and outstanding ordinary trust units (Fund Units).

Year ended December 31,	**2015**	2014
(thousands of Canadian dollars)		
Balance at beginning of year	**2,807,707**	1,314,545
Investment acquired	**874,701**	420,651
Fair value change for the year	**(1,007,825)**	1,072,511
Balance at end of year	**2,674,583**	2,807,707

During the fourth quarter of 2015, the Company used the proceeds from its public offering and the cash retained as a result of its Dividend Reinvestment and Share Purchase Plan (DRIP) *(Note 5)*, to purchase 26,835,918 Fund Units, increasing the Company's ownership from 42.8% at September 30, 2015 to 50.8% at December 31, 2015. The proceeds will ultimately be used to fund the secured growth projects associated with the Canadian liquids pipeline assets owned by EIPLP.

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

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

The assets of the purchased entities primarily consist of the Canadian Mainline, held through EPI, the Regional Oil Sands System held though EPAI, three operational wind farms in Quebec and one operational wind farm in Alberta, all of which are held indirectly by EPI.

The Fund issued Fund Units as part of the consideration for the 2015 Transaction. As the Company did not participate in the Fund Unit issuance in September 2015, the Company's ownership of the Fund's issued and outstanding Fund Units decreased from 88.1% at December 31, 2014 to 42.8% at September 30, 2015.

In November 2014, the Company subscribed for 13,860,000 Fund Units to partially fund the Fund's acquisition of a 50% interest in the United States segment of the Alliance Pipeline owned by indirect wholly-owned subsidiaries of Enbridge and subscribed for and purchased Class A Units which provide the holders with a fixed and defined cash flow stream from the Southern Lights Pipeline (the 2014 Transaction). At December 31, 2014, following the 2014 Transaction and related equity financing by the Fund, the Company held 88.1% of the Fund's issued and outstanding Fund Units.

Distribution Income

The Fund declared distributions on a monthly basis at a rate of $0.1574 per unit during 2015 or $141.3 million in aggregate to the Company. The Fund declared distributions on a monthly basis from January to October 2014 at a rate of $0.1353 per unit and at a rate of $0.1574 per unit for the months of November and December 2014 or $98.6 million in aggregate to the Company.

Summarized Financial Information[1]

Summarized financial information of the Fund, derived from the Fund's financial statements prepared in accordance with United States generally accepted accounting principles (U.S. GAAP), was as follows:

Year ended December 31,	**2015**	2014
(thousands of Canadian dollars)		
Revenue	**298,213**	415,656
Income from equity investments[2]	**114,809**	139,536
Earnings[2]	**120,189**	150,040
Other comprehensive loss[2]	**(76,404)**	(17,595)
Total comprehensive income[2]	**43,785**	132,445
Current assets[3]	**545,380**	115,339
Non-current assets[3]	**2,089,605**	3,966,101
Current liabilities[3]	**423,386**	167,457
Non-current liabilities[3]	**2,224,848**	3,011,998

1 Summarized financial information of the Fund is prepared in accordance with U.S. GAAP as such the results may have been different had they been prepared in accordance with IFRS.

2 Income from equity investments, Earnings, Other comprehensive loss and Total comprehensive income for the 2014 period have been retrospectively adjusted to furnish comparative information related to the 2014 Transaction.The 2015 Transaction resulted in changes to the Fund's method of accounting for its investments in ECT and EIPLP. Upon closing of the 2015 Transaction, Enbridge acquired a controlling interest in EIPLP of approximately 57.2% reducing ECT's ownership to approximately 42.8%. Additionally, Enbridge now holds a 51% direct interest in the general partner of EIPLP. As a result, ECT prospectively applied the equity method to account for its investment in EIPLP. The ECT trust indenture was amended to provide for appointment of trustees by Enbridge in accordance with its economic interest in ENF and the Fund Group. As a result, the Fund ceased to consolidate ECT as it is no longer the primary beneficiary of ECT nor does it control ECT. The Fund continues to participate in the ownership and management of the indirectly owned entities held by EIPLP through its governance structure, which includes Trustee oversight and decision making related to the underlying assets. The Fund prospectively applied the equity method to account for its investment in ECT as it has significant influence through its 100% ownership interest in ECT common units.

3 As at December 31, 2015 and 2014.

5. SHARE CAPITAL AND SHARE PREMIUM

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares, first preferred shares issuable in series limited to one half of the number of common shares issued and outstanding at the relevant time and one special voting share.

Issued and Outstanding

	2015		2014	
Year ended December 31,	Number of Shares	Amount	Number of Shares	Amount
(thousands of Canadian dollars except number of shares)				
Common shares				
Balance at beginning of year	**70,351,000**	**1,342,534**	56,491,000	921,883
Common shares issued	**26,810,000**	**874,006**	13,860,000	420,651
DRIP	**25,918**	**695**	-	-
Balance at end of year[1]	**97,186,918**	**2,217,235**	70,351,000	1,342,534
Special voting share[1]	**1**	**-**	1	-
Balance at end of year	**97,186,919**	**2,217,235**	70,351,001	1,342,534

1 Enbridge owns 19,342,158 (2014 – 14,002,000) common shares and one special voting share.

Plan of Arrangement

Pursuant to a plan of arrangement to restructure the Fund (the Plan), 20,125,000 Fund Units held by public unitholders, together with 5,000,000 Fund Units held by Enbridge, were exchanged for 25,125,000 common shares of the Company on December 17, 2010.

The initial stated capital of the Company for purposes of the *Business Corporations Act* (Alberta) (ABCA) was established to be $251.2 million, as determined at the discretion of the Company's Board of Directors. The residual amount of $192.5 million by which the fair value of the consideration received exceeded the stated capital was assigned to Share Premium. The Board may elect in the future to reinstate Share Premium to stated capital under certain circumstances.

Common Shares

Each common share represents an equal undivided beneficial interest in the net assets in the event of termination or wind-up of the Company. Holders of common shares are entitled to one vote per share at meetings of the Company's shareholders.

Dividends

The Company declared and paid monthly dividends of $0.1285 per share for the months of January to August 2015 and $0.1414 per share for the months of September 2015 to December 2015. The Company declared and paid monthly dividends of $0.1146 per share for the months of January to October 2014 and $0.1285 per share for the months of November and December 2014.

On January 15, 2016, the Company declared a monthly dividend of $0.1555 per share to be paid on February 16, 2016 to shareholders of record on February 1, 2016.

Dividend Reinvestment and Share Purchase Plan
The Company's shareholders are able to participate in an amended DRIP. Effective for the payment of the Company's dividend declared in November 2015, registration in the DRIP enabled the Company's shareholders to reinvest their dividends in common shares of the Company at a 2% discount to market price and to make additional optional cash payments to purchase common shares, free of brokerage or other charges. The issuance of common shares from treasury for dividends reinvested pursuant to the DRIP enables the Company to retain cash which it in turn uses to purchase additional Fund Units. For the year ended December 31, 2015, the Company retained $0.7 million of cash in respect of reinvested dividends, representing a 5.1% participation rate in the DRIP, and used the proceeds to purchase 25,918 Fund Units at a price of $26.83 per common share, equal to a the 2% discount to market price. As at December 31, 2015, $0.7 million included in Accounts receivable and other was due from the Company's transfer agent.

Special Voting Share
Enbridge, the holder of the special voting share, is entitled to receive notice of and to attend all annual and special meetings of shareholders and may elect one director to the Board for so long as it beneficially owns or controls, directly or indirectly, between 15% and 39% of the issued and outstanding common shares, provided that if it elects to exercise its right to elect one director, it will not exercise the votes attaching to the portion of common shares representing its pro-rata representation on the Board in respect of the election of the remaining directors of the Company at meetings of shareholders. The holder of the special voting share will not be entitled to receive, in respect of the special voting share, any dividends or to participate in any distribution of the property or assets of the Company upon the liquidation, dissolution or winding-up of the Company. The special voting share may only be transferred or assigned to an affiliate of Enbridge.

2015 Common Share Offering and Private Placement
In November 2015, the Company completed a public offering of 21,475,000 common shares at a price of $32.60 per common share for gross proceeds of $700.1 million. Concurrently, Enbridge subscribed for an additional 5,335,000 common shares at a price of $32.60 per common share for gross proceeds of $173.9 million. The Company used the aggregate gross proceeds of $874.0 million to subscribe for 26,810,000 Fund Units, which will ultimately be used to fund the secured growth projects associated with the Canadian liquids pipeline assets owned by EIPLP.

2014 Subscription Receipts Offering and Private Placement
In October 2014, the Company completed a public offering of 11,100,000 subscription receipts at a price of $30.35 per subscription receipt for gross proceeds of $336.9 million. The gross proceeds were held by an escrow agent pending closing of the 2014 Transaction.

On closing of the 2014 Transaction in November 2014, the gross proceeds from the subscription receipt offering of $336.9 million were released from escrow and each holder of a subscription receipt automatically received one common share of the Company without further consideration together with a payment of $0.1146 per subscription receipt representing the amount of the dividend declared on the common shares in October 2014. Enbridge also subscribed for an additional 2,760,000 common shares at a price of $30.35 per common share for gross proceeds of $83.8 million. The Company used the aggregate gross proceeds of $420.7 million to subscribe for 13,860,000 Fund Units and the Fund in turn used these proceeds to complete the 2014 Transaction.

Earnings Per Common Share

Basic

Earnings per common share is calculated by dividing earnings by the weighted average number of common shares outstanding.

Diluted

In connection with the 2015 Transaction, securities which were issued by the Fund and EIPLP to Enbridge which have exchange rights into common shares of the Company. In addition, the terms of existing Fund Units and ECT preferred units were amended to include exchange rights into common shares of the Company. If the securities were exchanged into common shares of the Company, the Company would subscribe for the same number of additional Fund Units which would increase the Company's distribution income.

Weighted average shares outstanding used to calculate basic and diluted earnings per share are as follows:

December 31,	**2015**	2014
(thousands of Canadian dollars, except per share amounts)		
Numerator		
Earnings	**138,111**	93,556
Dilutive effect of securities	**392,525**	-
Numerator for diluted earnings per share	**530,636**	93,556
Denominator *(thousands of shares)*		
Weighted average number of shares outstanding	**74,392**	58,542
Dilutive effect of securities		
Fund Units	**37,794**	-
ECT preferred units	**29,302**	-
EIPLP Class C units	**148,046**	-
Denominator for diluted earnings per share	**289,534**	58,542
Earnings per share		
Basic	**1.86**	1.60
Diluted	**1.83**	1.60

Shareholders' Rights Plan

The Shareholders' Rights Plan is designed to ensure the fair treatment of shareholders in connection with any takeover offer for the Company. Rights issued under the plan become exercisable when a person and any related parties, acquires or announces its intention to acquire shares which combined with existing holdings would represent 20% or more of the Company's outstanding common shares without complying with certain provisions set out in the plan or without approval of the Company's Board of Directors. Should such an acquisition occur, each rights holder other than the acquiring person and related parties will have the right to purchase common shares of the Company at a 50% discount to the market price at the time.

6. INCOME TAXES

The initial acquisition of Fund Units under the Plan did not constitute a business combination, nor did the transaction affect earnings. As such, recognition of the resulting deferred income tax liability relating to the estimated taxable temporary difference of $71.4 million which arose on initial recognition of the investment in the Fund is not permitted.

At December 31, 2015 and 2014, deferred income taxes represented the difference in accounting and tax bases of the Investment in the Fund, less the deferred income tax liability not recognized on initial acquisition of the investment on December 17, 2010.

Income tax expense for the year ended December 31, 2015 was comprised of current income tax expense of $4.6 million (2014 – $5.9 million) and deferred income tax expense of $0.3 million (2014 – $0.2 million).

Other comprehensive income included $123.3 million (2014 – $134.1 million expense) of deferred income tax recovery for the year ended December 31, 2015, related to the change in the difference between the accounting and tax bases of the investment in the Fund.

Effective July 1, 2015, the Alberta government enacted an increase to the provincial tax rate from 10% to 12%, resulting in a deferred tax expense of $0.07 million included in Earnings and $12.7 million included in Other comprehensive income for the year ended December 31, 2015.

Income Tax Rate Reconciliation

Year ended December 31,	**2015**	2014
(thousands of Canadian dollars)		
Earnings before income taxes	**143,006**	99,683
Combined statutory income tax rate	**26.0**%	25.0%
Income taxes at statutory income tax rate	**37,182**	24,921
Decrease resulting from		
Non-taxable dividend	**(32,168)**	(18,583)
Return of capital	**(202)**	(193)
Other	**83**	(18)
Income tax expense	**4,895**	6,127
Effective income tax rate	**3.4**%	6.1%

7. RISK MANAGEMENT

Market Price Risk

The Company's OCI is subject to market price risk resulting from changes in the fair value of the Company's investment in the Fund, which is referenced to the Company's common share price. The Company does not typically manage this risk. A $1.00 increase or decrease in the Company's common share price at December 31, 2015 would have resulted in an increase or decrease in OCI, before income taxes of $97.2 million and approximately $84.1 million after income taxes (2014 – $70.4 million, $61.6 million, respectively) due to the revaluation of the investment.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Accounts payable and accrued liabilities and dividends payable are due within one month. In order to manage this risk, the Company forecasts its cash flow over the near and long term and ensures that sufficient funds will be available when required. The Company's primary source of liquidity is cash distributions it receives from its investment in the Fund. Additional liquidity, if necessary, is expected to be available through collection of amounts advanced to a subsidiary corporation of EIPLP pursuant to a subordinated demand loan.

Credit Risk

Credit risk arises from the possibility that a counterparty may default on its contractual obligations to the Company. Demand loan due from affiliate, accounts receivable, interest receivable and distributions receivable are subject to credit risk, the maximum exposure of which is the carrying value as presented on the statement of financial position. The Company's credit risk is mitigated as the majority of its financial assets are with affiliates.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial instruments reflects the Company's best estimates of market value based on valuation techniques, supported by observable market prices where available. The fair value of cash and cash equivalents, loans and receivables and other financial liabilities approximate their carrying value due to the short period to maturity.

The Company 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 Company did not have any financial instruments categorized as Level 1 as at December 31, 2015 or December 31, 2014.

Level 2
Level 2 includes financial instrument valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. The fair value measurement of the investment in the Fund is classified as Level 2, as the valuation technique references the quoted market price of the Company's common shares, and adjusts for assets and liabilities not applicable to the Fund. At December 31, 2015, the Company's investment in the Fund had a fair value of $2.7 billion (December 31, 2014 – $2.8 billion).

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 Company did not have any financial instruments categorized as Level 3 as at December 31, 2015 or December 31, 2014.

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

9. CAPITAL DISCLOSURES

The Company defines capital as shareholders' equity less cash and cash equivalents. Capital totaled $2.7 billion (2014 – $2.7 billion) at December 31, 2015.

The Company's objectives when managing capital are to provide liquidity for additional investment in the Fund and to generate adequate returns and predictable cash flow for distribution to shareholders in the form of dividends. New capital, if necessary, may be raised through the issuance of equity securities.

10. RELATED PARTY TRANSACTIONS

In 2015, the Company advanced $17.2 million, net of repayments (2014 – $6.4 million) to a subsidiary corporation of EIPLP pursuant to a subordinated demand loan and at December 31, 2015, $47.8 million (2014 – $30.6 million) was outstanding on the loan. Interest on the demand loan was charged at 4.25% per annum. Interest income earned on the loan was $1.7 million (2014 – $1.1 million) for the year ended December 31, 2015 and $0.1 million (2014 – $0.1 million) was included in accounts receivable and other as at December 31, 2015.

In connection with the Company's November 2015 public offering of 21,475,000 common shares, the Fund reimbursed the Company for share issue costs of $28.4 million pursuant to a payment assistance agreement. Proceeds from the equity offering were used by the Company to purchase additional Fund Units, which will ultimately be used to fund the secured capital growth projects associated with the Canadian liquids pipeline assets owned by EIPLP.

In connection with the Company's October 2014 public offering of 11,100,000 subscription receipts, the Fund reimbursed the Company for share issue costs of $13.7 million pursuant to a payment assistance agreement. Proceeds from the offering of subscription receipts, which were subsequently converted into common shares in November 2014, were used by the Company to purchase additional Fund Units pursuant to the 2014 Transaction.

At December 31, 2015, accounts payable to the Fund totaled $1.8 million (2014 – nil) related to corporate costs paid by the Fund and Fund Units issued in December 2015. Accounts payable to Enbridge were nil (2014 – $0.1 million) as at December 31, 2015.

The Company has an agreement with ECT whereby ECT reimburses the Company for certain corporate costs. ECT reimbursed the Company $0.9 million (2014 – $0.9 million) for corporate costs incurred in 2015. At December 31, 2015, accounts receivable from ECT were nil (2014 – $0.1 million).

The Company is managed by Enbridge Management Services Inc. (EMSI), a wholly-owned subsidiary of Enbridge. EMSI serves as the manager of the Fund, ECT and EIPLP. The Company has an agreement with EMSI to provide management and administrative services to the Company. Provided that the Fund is paying a base fee to EMSI for the services received by the Fund, no fee is payable to EMSI by the Company, as was the case for the years ended December 31, 2015 and 2014.