ENBRIDGE INCOME FUND HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2013

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

This Management's Discussion and Analysis (MD&A) dated February 10, 2014 should be read in conjunction with the audited financial statements and notes thereto of Enbridge Income Fund Holdings Inc. (ENF or the Company) as at and for the year ended December 31, 2013, which are prepared in accordance with International Financial Reporting Standards (IFRS). Unless otherwise noted, all financial information is presented in Canadian dollars. Additional information related to the Company, including its Annual Information Form, is available on SEDAR at www.sedar.com.

OVERVIEW
ENF is a publicly traded corporation whose common shares trade on the Toronto Stock Exchange under the symbol ENF. The Company's business is limited to ownership of its 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. At December 31, 2013, ENF held 85.6% (2012 – 84.5%) of the issued and outstanding trust units of the Fund, representing a 40.8% (2012 – 40.3%) overall economic interest in the Fund, with the balance held by Enbridge Inc. (Enbridge), a North American transporter, distributor and generator of energy. The Fund is involved in the generation, transportation and storage of energy through its interests in 579 (524 net) megawatts (MW) of renewable and alternative power generation capacity (Green Power), its liquids transportation and storage business in Western Canada (Liquids Transportation and Storage) and natural gas transmission through its 50% interest in the Canadian segment of Alliance Pipeline (Alliance Canada).

ENF Financial Performance

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
(thousands of Canadian dollars, except share and per share amounts)				
Distribution and other income	**23,102**	16,611	**91,044**	59,835
Earnings	**22,139**	16,591	**86,570**	59,828
Earnings per common share, basic and diluted	**$0.39**	$0.39	**$1.55**	$1.48
Cash flow from operating activities	**22,814**	13,975	**92,174**	53,071
Dividends declared	**19,233**	15,918	**75,264**	52,758
Dividends per common share	**$0.340**	$ 0.317	**$1.342**	$1.244
Total assets[1]			**1,346,926**	1,254,240
Number of common shares outstanding[1]			**56,491,000**	51,723,000

1 As at December 31, 2013 and 2012.

The Company's earnings and cash flows are derived from its investment in the Fund and are dependent upon its ownership interest, the level of cash distributions paid by the Fund, and income taxes.

The proceeds from an equity offering by the Company in February 2013 were used to subscribe for an additional 4,768,000 trust units of the Fund, increasing its overall ownership of Fund trust units to 85.6%. Effective with the November 2013 distribution, the Fund increased its distribution rate to $0.135 per Fund trust unit per month. As a result of the Fund's increased distribution rate and the Company's increased ownership interest, the Company realized incremental earnings during the year ended December 31, 2013 compared to the year ended December 31, 2012.

In December 2012, the Company increased its overall ownership of Fund trust units to 84.5% in connection with an equity offering by the Fund. The Fund used the proceeds to acquire a portfolio of crude oil storage facilities and wind and solar power generation facilities. The assets acquired included the Hardisty Contract Terminals, the Hardisty Storage Caverns, the 99 MW Greenwich Wind Project, the 15 MW Amherstburg Solar Project and the 5 MW Tilbury Solar Project (the Crude Oil Storage and Renewable Energy Assets). The contribution of incremental cash flows from this portfolio of assets enabled the Fund to increase its distribution rate to $0.134 per Fund trust unit per month effective with the December 2012 distribution. Comparatively, the Company received distributions equivalent to $0.121 per Fund trust unit per month during the first 11 months of 2012.

The Company incurs income taxes on distributions received from the Fund, the level of which will vary depending on the taxability of such trust distributions in any given year. To the extent 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 current income tax expense on a portion of distributions received during the year ended December 31, 2013, whereas distributions received in the comparable period of 2012 were not taxable.

The Company's objective is to pay out a high proportion of available cash in the form of dividends to shareholders. The Company declared dividends totalling $75.3 million during the year ended December 31, 2013, a rate equivalent to $0.111 per common share per month for the first ten months and $0.115 per common share for November and December 2013. The 3% increase in the monthly dividend in November 2013 reflects organic growth of the Fund's existing asset base. This represents a payout ratio of 86.9% in 2013, compared to a payout ratio of 88.2% in 2012. Retained cash is expected to be used for future income tax payments and acts as a reserve to sustain dividends long term.

Enbridge Income Fund Financial Performance
A summary of financial information of the Company's investee, Enbridge Income Fund, derived from the Fund's consolidated financial statements prepared in accordance with U.S. GAAP, for the years ended December 31, 2013 and 2012 is provided below. Readers are encouraged to read the Fund's financial statements and MD&A which are filed on SEDAR at www.sedar.com.

Year ended December 31,	**2013**	2012
(thousands of Canadian dollars)		
Cash available for distribution, Enbridge Income Fund[1]		
Green Power	**155,823**	121,412
Liquids Transportation and Storage	**130,194**	74,151
Alliance Canada	**68,383**	70,850
Corporate	**(91,244)**	(70,863)
Cash available for distribution, Enbridge Income Fund	**263,156**	195,550
ECT preferred unit distributions	**(116,127)**	(80,798)
Cash retained	**(41,278)**	(41,177)
Cash distributions declared to trust unitholders by Enbridge Income Fund	**105,751**	73,575
Percentage of units held by ENF	**84.5%-85.6%**	80.7%-84.5%
Distribution and other income, ENF	**91,044**	59,835
Income tax	**(4,474)**	(7)
Earnings, ENF	**86,570**	59,828

1 See Non-GAAP Measures.

The Fund's cash available for distribution (CAFD) totaled $263.2 million for the year ended December 31, 2013, compared with $195.6 million for the prior year. The increase in CAFD was attributable to incremental cash flows from the portfolio of crude oil storage and wind and solar power generation facilities acquired in December 2012 and the Bakken Expansion which was placed into service in March 2013, offset partially by an increase in interest expense, associated with the debt incurred to finance a portion of the acquisition.

FORWARD-LOOKING INFORMATION

In the interest of providing the Company's shareholders and potential investors with information about the Company and its investee, the Fund, and the Fund's subsidiaries and joint ventures, including management's assessment of future plans and operations of the Company and the Fund, certain information provided in this MD&A constitutes forward-looking statements or information (collectively, "forward-looking statements"). 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" and similar words suggesting future outcomes or statements regarding an outlook. In particular, forward-looking statements include:

- *expected earnings or earnings per share;*
- *expected costs related to projects under construction;*
- *expected scope and in-service dates for projects under construction;*
- *expected timing and amount of recovery of capital costs of assets;*
- *expected capital expenditures;*
- *expected future dividends, Fund distributions and taxability thereof;*
- *the Fund's expected cash available for distribution; and*
- *expected future actions of regulators.*

Although the Company believes that these forward-looking statements are reasonable based on the information available on the date such statements are made and the 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 expected supply and demand for crude oil, natural gas, natural gas liquids and green energy; prices of crude oil, natural gas, natural gas liquids and green energy; expected exchange rates; inflation; interest rates; the availability and price of labour and construction materials; operational reliability; customer project approvals; maintenance of support and regulatory approval for the Fund's projects; anticipated in-service dates; and weather. Assumptions regarding the expected supply and demand of crude oil, natural gas, natural gas liquids and green energy, and the prices of these commodities, are material to and underlay 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's products and services. Similarly, exchange rates, inflation and interest rates impact the economies and business environments in which the Company and the Fund operate, may impact levels of demand for the Fund's products, 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 and associated per unit or per share amounts, or estimated future distributions or dividends. The most relevant assumptions associated with forward-looking statements on projects under construction, including estimated in-service dates and expected capital expenditures, include: the availability and price of labour and construction materials; the effects of inflation on labour and material costs; the effects of interest rates on borrowing costs; and the impact of weather, customer and regulatory approvals on construction schedules.

The Company's forward-looking statements and forward-looking statements with respect to the Fund are subject to risks and uncertainties pertaining to operating performance, regulatory parameters, project approval and support, weather, economic and competitive conditions, changes in tax law, tax rates, exchange rates, interest rates and commodity prices, including but not limited to those risks and uncertainties discussed in this MD&A and in the other filings of the Company and the Fund 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 and the Fund's future course of action depends on management's assessment of all information available at the relevant time. Except to the extent required by law, the Company and the Fund 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 or persons acting on the Company's or the Fund's behalf, are expressly qualified in their entirety by these cautionary statements.

NON-GAAP MEASURES

This MD&A contains references to the Fund's cash available for distribution (CAFD). CAFD represents the Fund's cash available to fund distributions on trust units and Enbridge Commercial Trust (ECT) preferred units as well as for debt repayments and reserves. CAFD consists of operating cash flow from the Fund's underlying businesses less deductions for maintenance capital expenditures, the Fund's administrative and operating expenses, corporate segment interest expense, applicable taxes and other reserves determined by the Manager of the Fund. This measure is important to shareholders as the Company's objective is to provide a predictable flow of dividends to shareholders and the Company's cash flows are derived from its investment in the Fund. CAFD is not a measure that has standardized meaning prescribed by United States Generally Accepted Accounting Principles (U.S. GAAP) and is not considered a GAAP measure. Therefore, this measure may not be comparable with similar measures presented by other issuers.

CORPORATE STRUCTURE

ENF was incorporated on March 26, 2010 under the *Business Corporations Act* (Alberta) (ABCA) for the sole purpose of participating in the Plan of Arrangement (the Plan) to restructure the Fund, which became effective December 17, 2010. Pursuant to the Plan, all publicly held units of the Fund and 5,000,000 units held by Enbridge were exchanged on a one-for-one basis for common shares of the Company, resulting in the Company owning 25,125,000, or 72.6%, of the Fund's issued and outstanding trust units. The Company's common shares commenced trading on the Toronto Stock Exchange on December 21, 2010 under the symbol ENF.

In October 2011, the Company subscribed for 14,616,000 trust units of the Fund at a price of $18.75 per unit to partially fund the Fund's acquisition of three renewable power generation facilities owned by subsidiaries of Enbridge (the 2011 Transaction). The assets acquired were the 80 MW Sarnia Solar Project, the 190 MW Ontario Wind Project and the 99 MW Talbot Wind Project. Following the 2011 Transaction and related equity financing by the Fund, the Company held 39,741,000, or 80.7%, of the Fund's issued and outstanding trust units.

In December 2012, the Company subscribed for 11,982,000 trust units of the Fund at a price of $23.15 per unit to partially fund the Fund's acquisition of crude oil storage facilities and three renewable power generation facilities owned by Enbridge and subsidiaries of Enbridge (the 2012 Transaction). Following the 2012 Transaction and related equity financing by the Fund, the Company held 51,723,000 or 84.5%, of the Fund's issued and outstanding trust units.

The proceeds from an equity offering by the Company in February 2013 were used to subscribe for an additional 4,768,000 trust units of the Fund at a price of $25.00 per common share, increasing its overall ownership of trust units of the Fund to 56,491,000, or 85.6%. The Fund used the proceeds of the issuance to repay debt used to fund capital expenditures and to partially fund ongoing capital expenditures associated with its organic expansion strategy.

The Company is managed by Enbridge Management Services Inc. (EMSI or the Manager), a wholly-owned subsidiary of Enbridge. EMSI also manages the Fund and the Fund's subsidiary Enbridge Commercial Trust (ECT).

STRATEGY

The Company's business is limited to the ownership of its interest in the Fund. The Company's objective is to provide a predictable flow of cash dividends to its investors.

The Fund's strategy is focused on:

- maximization of the efficiency and profitability of its existing assets while ensuring safe and reliable operations;
- pursuing organic growth and expansion opportunities; and
- acquisition and development of energy infrastructure businesses that are complimentary and consistent with the risk and return profile of its existing business.

Each of the Fund's businesses is closely focused on system performance and operating effectiveness. Green Power strategies are driven by the objective to manage and maintain its facilities in such a way to maximize power generation and related revenue when the relevant wind, solar or waste heat energy resource is available. The Liquids Transportation and Storage business in Saskatchewan is focused on attracting new volumes to the System through increasing customer connections while working with customers to create reliable transportation solutions and toll structures to retain and attract growing regional production over the long term. The Liquids Transportation and Storage business at Hardisty, Alberta, is situated at a major hub for aggregating and exporting crude oil out of the Western Canadian Sedimentary Basin (WCSB). It is focused on connecting Canada's oil producers to markets in eastern Canada and the United States. Alliance Canada is implementing solutions to enhance its unique capability to safely and cost-effectively transport liquids rich gas (gas with a high component of inherent natural gas liquids) to attract growing production of high-value, liquids rich gas in the WCSB.

The expansion and extension of existing systems and facilities has been a significant driver of growth in recent years and the Fund continued to execute on its organic expansion strategy during 2013. The Bakken Expansion Program undertaken within Liquids Transportation and Storage was declared in service on March 1, 2013, bringing 145,000 barrels per day (bpd) of new capacity to producers in the Bakken region in North Dakota. The Fund continues to actively search for new opportunities to profitably grow the footprint of its existing assets and announced a $25 million Rail Interconnection Project in January 2014.

The Fund also seeks to achieve growth through acquisitions of complimentary energy infrastructure. In 2012 the Company delivered strong dividend growth through acquisitions from its sponsor, Enbridge. The assets acquired are all underpinned by long-term fixed price contracts which generate steady cash flow and lower the Fund's risk profile.

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's strategy to expand existing assets and acquire or develop new energy infrastructure.

ENBRIDGE INCOME FUND RECENT DEVELOPMENTS

Cromer Rail Interconnection Project

On January 29, 2014, the Fund announced plans to construct a pipeline interconnection that will connect the Westspur System and Bakken Expansion to a crude oil rail terminal near Cromer, Manitoba. The estimated cost of the project is $25 million and is expected to be in-service in the fourth quarter of 2014. The project is fully backstopped by the operator of the crude oil rail terminal pursuant to a five-year Financial Support Agreement. In addition, the Fund has an option to acquire 50% of the rail terminal which is currently capable of handling 30,000 bpd and is expandable to 60,000 bpd.

Westspur Settlement
On April 1, 2013, the Fund announced it concluded a settlement (the Settlement) with a group of shippers relating to new tolls on the Westspur System. At the request of certain shippers that did not execute the Settlement, the National Energy Board (NEB) did not remove the interim status from the historical tolls and made the new tolls interim as well. A modified agreement was subsequently entered into with substantially all of the shippers, and such shippers requested the NEB make both the historical tolls and the new tolls (collectively, the "Tolls") final. On February 6, 2014, the NEB ordered the Tolls final.

The Settlement establishes a toll methodology for an initial term of five years and will renew for additional one year terms thereafter unless otherwise terminated. Pursuant to the Settlement, the tolls on the Westspur System are fixed and increase annually with reference to an inflation index, subject to throughput remaining within a prescribed volume band close to volumes recently transported on the Westspur System. To preserve a relatively stable cash flow profile, toll surcharges or discounts will be applied should throughput increase or decrease on a sustained basis outside this pre-defined band. Additionally, tolls will be increased should integrity or regulatory costs exceed defined thresholds or if new capital projects are undertaken.

The Settlement resulted in the discontinuance of rate regulated accounting for the Westspur System and as such the Fund recorded an after-tax write-off of $12.0 million in the first quarter of 2013 related to previously-recorded deferred revenue which will not be collected under the terms of the Settlement. The financial impact of the Settlement is not expected to materially affect the Fund's consolidated financial prospects, distribution coverage or practices.

Bakken Expansion
The Bakken Expansion was undertaken to expand crude oil pipeline capacity to accommodate growing production from the Bakken and Three Forks formations located in North Dakota. This project, undertaken by the Fund in Canada and Enbridge Energy Partners (EEP), a party related to Enbridge, in the United States, reversed and expanded an existing pipeline, running from Berthold, North Dakota, to Steelman, Saskatchewan, and constructed a new 16-inch pipeline from a new pump station near Steelman to the Enbridge terminal near Cromer, Manitoba. It was placed into service in March 2013, providing capacity of 145,000 bpd to producers in North Dakota. Expenditures incurred by the Fund for the Canadian portion of the project through December 31, 2013 were approximately $165 million. After completion of site remediation and post-implementation expenditures, the total cost of the Canadian portion of the Bakken Expansion is expected to be under the original budget of approximately $190 million.

As a result of high crude oil differentials between local delivery points and markets not serviced by downstream pipelines, capacity was not well utilized in 2013. Crude differentials narrowed and throughputs improved modestly in the second half of 2013. The Fund continues to collect cash tolls regardless of actual system throughput pursuant to firm take-or-pay commitments totaling 100,000 bpd, a portion of which are subject to a waiver of 25% of the take-or-pay amount in 2013.

Whitecourt Recovered Energy Project
The Whitecourt Recovered Energy Project is a new waste heat recovery facility being constructed by NRGreen, adjacent to a compressor station on the Alliance Pipeline near Whitecourt, Alberta. The Fund has contributed approximately $42 million as at December 31, 2013 to the Whitecourt Recovered Energy Project. Completion of the project has been delayed due to various construction and equipment delivery challenges. Originally scheduled to be completed in 2013, completion is now anticipated to occur in the second quarter of 2014.

ENBRIDGE INCOME FUND OPERATIONAL OVERVIEW

The performance of the Company's investment in the Fund is ultimately derived from the underlying operating segments through which the Fund executes its low-risk business strategy. An overview of the Fund's operating segments, Green Power, Liquids Transportation and Storage and Alliance Canada is provided below.

Green Power

Overview

Green Power includes assets that produce electricity from renewable and alternative energy sources. Each of the wind and solar assets is currently operating and has full-service operations and maintenance contracts with third parties. The cost to generate electricity through wind and solar resources is significantly lower than most other technologies, given the absence of fuel costs.

Green Power consists of the following:

Wind Projects

The Fund has a 100% interest in the following projects which have an aggregate power generation capacity of 388 MW:

- The Ontario Wind Project, located near Lake Huron, Ontario, utilizes 115 turbines with an aggregate capacity of 190 MW.
- The Talbot Wind Project, located on the north shore of Lake Erie, Ontario, utilizes 43 turbines with an aggregate capacity of 99 MW.
- The Greenwich Wind Project, located on the north shore of Lake Superior, Ontario, utilizes 43 wind turbines with an aggregate capacity of 99 MW.

All power produced from these wind projects is sold to the Ontario Power Authority (OPA) pursuant to power purchase agreements (PPAs) which expire between 2028 and 2031.

The Fund also has interests in three wind power projects with a net capacity of 26 MW including:

- A 50% interest in the SunBridge Wind Project at Gull Lake, Saskatchewan, which utilizes 17 turbines with an aggregate capacity of 11 MW (6 MW net to the Fund).
- A 33% interest in each of the Magrath and Chin Chute Wind Projects in southern Alberta, each utilizing 20 turbines with an aggregate capacity of 30 MW per project (10 MW per project net to the Fund).

The power from SunBridge is delivered into the Saskatchewan power grid, while the energy produced at Magrath and Chin Chute is delivered into the Alberta power grid. Power price swap agreements, which are in place to mitigate the risk of fluctuating power prices in Alberta, expire between 2017 and 2024.

Solar Projects

The Fund has a 100% interest in the following solar generation projects with an aggregate capacity of 100 MW:

- The Sarnia Solar Project, an 80 MW solar project located near Lake Huron, in Sarnia, Ontario, comprised of approximately 1.3 million thin film panels with a surface area of 966,000 m^2.
- The Amherstburg Solar Project, a 15 MW solar project near Sarnia, Ontario, comprised of approximately 0.2 million thin film panels with a surface area of 175,700 m^2.
- The Tilbury Solar Project, a 5 MW solar project located near Sarnia, Ontario, comprised of 0.1 million thin film panels with a surface area of 67,700 m^2.

All power produced from these solar projects is sold to the OPA pursuant to PPAs which expire between 2028 and 2031.

In response to amendments passed by Ontario's Independent Electricity System Operator (IESO) in November 2012 which would allowed curtailment of intermittent generators in times of surplus generation, the Fund and other renewable power generators reached an agreement with the OPA in February 2013 to amend certain existing PPAs to include both annual and contract term curtailment caps beyond which renewable power generators will be compensated for forgone production. The Fund expects uncompensated curtailment, which will impact the Ontario Wind Project, Talbot Wind Project and Greenwich Wind Project, to be less than 1% of the operating hours of the affected assets both annually and over the life of the PPAs.

NRGreen
The Fund also has a 50% interest in NRGreen. NRGreen operates four waste heat recovery facilities with an aggregate capacity of 20 MW (10 MW net to the Fund), all of which are located in Saskatchewan at compressor stations along the Alliance Pipeline. The first facility located at Kerrobert, Saskatchewan has been operating since December 2006. The three other facilities, located in Loreburn, Estlin and Alameda, Saskatchewan, began operations during 2008. Electricity is generated by harnessing the waste heat produced by gas turbines at Alliance Canada's compressor stations and converting the waste heat to electrical energy.

The power generated from the NRGreen facilities is sold under long-term PPAs to SaskPower. The PPAs expire ten years after the in-service date for each facility with two five-year options to renew at NRGreen's election, to provide an additional ten-year extension to the initial PPA term.

Liquids Transportation and Storage

Overview
The Fund's Liquids Transportation and Storage business serves customers in Western Canada and North Dakota and includes the Saskatchewan System which transports crude oil and natural gas liquids (NGLs) from producing fields and facilities in southeastern Saskatchewan, southwestern Manitoba and North Dakota to Cromer, Manitoba where the crude oil and NGLs enter Enbridge's Mainline System to be transported to the United States or eastern Canada. Liquids Transportation and Storage also includes related terminals and tankage facilities in Saskatchewan and the Hardisty Contract Terminals and Hardisty Storage Caverns located near Hardisty, Alberta, a key crude pipeline hub in Western Canada.

Collectively referred to as the Saskatchewan System, the Saskatchewan Gathering, Westspur, Weyburn and Virden pipeline systems, as well as the Canadian portion of the Bakken Expansion, collectively comprise approximately 545 kilometres of trunk line and approximately 1,800 kilometres of gathering pipeline. The Bakken Expansion is a joint project which further expands crude oil pipeline capacity to accommodate growing production from the Bakken and Three Forks formations located in North Dakota. The capacity of each of the Saskatchewan Gathering and the Westspur Systems is 255,000 bpd, the capacity of the Weyburn and Virden Systems is approximately 47,000 bpd and 37,000 bpd, respectively, and the capacity of the Bakken Expansion is 145,000 bpd. The Saskatchewan System also includes storage terminals and tankage facilities in Saskatchewan, comprised of 21 above ground storage tanks with total capacity of approximately 450,000 barrels.

The Saskatchewan Gathering System tolling agreement is designed to provide toll revenues sufficient to recover operating costs, depreciation, deemed interest expense, deemed income tax, a return on rate base and an administrative expense allowance. The rate base upon which the equity return is calculated will change over time due to depreciation as well as maintenance and enhancement capital additions and expansions. Tolls on the Westspur, Weyburn and Virden Systems are based on agreements with customers, and are updated to reflect changes in market conditions when warranted. Tolls on the Bakken Expansion are based on long term take-or-pay agreements with anchor shippers, market-based tolls for spot capacity and the recovery of operating costs incurred. Earnings from the Westspur, Weyburn, Virden and Bakken Systems reflect toll revenue less costs incurred.

The Hardisty Contract Terminals are located adjacent to Enbridge's Mainline System terminal in Hardisty, Alberta and are comprised of 18 above ground crude oil storage tanks, ranging in size from 250,000 to 560,000 barrels, and one above ground condensate storage tank with a capacity of 250,000 barrels, which together have an aggregate storage capacity of 7.5 million barrels. The Hardisty Storage Caverns are comprised of four underground salt caverns and two above ground storage tanks, with approximately 3.5 million barrels of storage capacity. The above ground storage tanks are used primarily to facilitate movement of crude oil in and out of the caverns, as well as limited trim blending of product when operationally required. Each of the Hardisty assets has long-term take-or-pay storage contracts in place with credit-worthy counterparties in respect of virtually all of their storage capacity. Most of the revenue received under the storage contracts is comprised of fixed fees for storage capacity, with a small component derived from usage fees for services which vary with demand. Upon expiry or termination of existing contracts, Enbridge will enter into escalating take-or-pay contracts with the Fund for an additional 15 years at the then prevailing contract rate. The proximity of the Hardisty storage facilities, which are adjacent to Enbridge's Mainline System operational terminal and at the junction of various regional receipt and export pipelines, make it an attractive option for oil producers to manage their operational needs and the effects of price swings.

Alliance Canada

Overview

Alliance Canada consists of 1,560 kilometres of the Alliance System's natural gas mainline pipeline beginning near Gordondale, Alberta and connecting to Alliance US at the Canada/United States border near Elmore, Saskatchewan. Alliance Canada also includes the Alliance System's lateral pipelines, which connect the mainline to a number of upstream receipt points, primarily at natural gas processing facilities in northwestern Alberta and northeastern British Columbia, and related infrastructure.

The Alliance System is designed to transport 1,325 million cubic feet per day of natural gas on a firm service basis primarily from supply areas in northwestern Alberta and northeastern British Columbia to delivery points near Chicago, Illinois. Additional transportation capacity is available to shippers for no additional cost other than the cost of the associated fuel requirements through Authorized Overrun Service (AOS).

Alliance Canada has transportation service agreements (TSAs) with shippers for substantially all of its available firm transportation capacity. The TSAs are designed to provide toll revenues sufficient to recover prudently incurred costs of service, including operating and maintenance, depreciation, an allowance for income tax, costs of indebtedness and an allowed return on equity of 11.26% after tax, based on a deemed 70/30 debt/equity ratio. The initial term of the TSAs expires in December 2015, with the exception of a small proportion of shippers that have elected to extend their contracts beyond 2015.

Tolls and tariffs for Alliance Canada are regulated by the NEB. Toll adjustments, based on variances between the cost of service forecast used to calculate the toll and the actual cost of service, are made annually. Following consultation with shippers, amended tolls are filed annually with the NEB.

Alliance Canada expects to continue to be competitive with other export pipelines given its geographic positioning and its ability to efficiently move liquids-rich gas to market. It is seeking to secure new term contracts for capacity for periods beyond 2015 and is in the process of discussing its service offerings with the shipper community.

LIQUIDITY AND CAPITAL RESOURCES

The cash distributions the Company receives from its investment in the Fund are its primary source of liquidity. The Company pays out a high proportion of the distributions received from the Fund after prudently reserving for contingencies and future taxes, with the objective of sustaining a predictable stream of dividends to its shareholders. Cash not required to fund dividends or to meet working capital requirements is advanced to subsidiary corporations of the Fund pursuant to a demand loan, which the Company may request repayment of at any time. At December 31, 2013, the Company had $24.3 million outstanding pursuant to the demand loan. The Company did not have any outstanding long-term debt as at December 31, 2013 and 2012.

The Company's working capital requirements are not expected to be significant in 2013. The Company has an agreement with ECT whereby ECT reimburses the Company for certain corporate costs.

Additional capital resources to finance the Company's future investment in the Fund, if necessary, are expected to be available through access to equity markets. The Company maintains a current equity shelf prospectus with Canadian securities regulators, which enables ready access to Canadian public capital markets, subject to market conditions.

Operating Activities
Cash flows from operating activities totaled $92.2 million for the year ended December 31, 2013 (2012 – $53.1 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 of $1.612 per unit in 2013 or $221.9 million in aggregate (2012 – $1.462 per unit or $154.4 million in aggregate).

Financing Activities
In February 2013, the Company completed an equity offering of 3,820,000 common shares of the Company at a price of $25 per common share for gross proceeds of $95.5 million. Concurrent with the closing, Enbridge subscribed for 948,000 common shares at a price of $25 per common share on a private placement basis to maintain its 19.9% ownership interest in the Company.

The Company declared monthly dividends at a rate of $0.11125 per share for the months January to October 2013 and $0.1146 per share for the months of November and December 2013. The Company declared monthly dividends at a rate of $0.103 per share for the months January to November 2012 and $0.11125 per share for the month of December 2012.

Investing Activities
The proceeds from the issuance of common shares of $119.2 million ($95.5 million public offering and $23.7 million private placement) were used by the Company to subscribe for 4,768,000 trust units of the Fund at a price of $25 per unit in the first quarter of 2013, increasing the Company's overall ownership of Fund trust units to 85.6%. Also included in investing activities are advances to a subsidiary corporation of the Fund pursuant to a demand loan, of which $24.3 million was outstanding as at December 31, 2013.

SELECTED ANNUAL FINANCIAL INFORMATION

(thousands of Canadian dollars, except per share amounts)	**2013**	2012	2011
Distribution and other income	**91,044**	59,835	40,270
Earnings	**86,570**	59,828	37,326
Total assets	**1,346,926**	1,254,240	806,074
Dividends per common share	**$1.342**	$1.244	$1.166

Significant items that have impacted the selected annual financial information are as follows:

- The Company increased its investment in the Fund to 80.7% of the Fund's issued and outstanding trust units in October 2011 with an investment of $274.1 million, the proceeds of which were used to partly fund the 2011 Transaction. The contribution of incremental cash flows from the 2011 Transaction enabled the Fund to increase its distribution rate to $0.121 per unit per month effective with the November 2011 distribution which supported a corresponding increase in the Company's dividend.
- In December 2012, the Company increased its overall ownership of Fund trust units to 84.5% with an investment of $277.4 million, the proceeds of which were used to partially fund the 2012 Transaction. Following the completion of the 2012 Transaction, the Fund increased its distribution to $0.134 per unit effective with the December 2012 distribution, which supported a corresponding increase in the Company's dividend.
- In February 2013, the Company completed a bought deal underwriting offering of 3,820,000 common shares at a price of $25.00 per common share for gross proceeds of $95.5 million. Enbridge also subscribed for an additional 948,000 common shares at a price of $25.00 per common share for gross proceeds of $23.7 million. The Company used the aggregate gross proceeds of $119.2 million to subscribe for 4,768,000 trust units of the Fund, which increased distribution and other income during the year ended December 31, 2013. This increased the Company's investment in the Fund to 85.6%.
- The Company's Board of Directors approved an increase in the Company's monthly cash dividend, from $0.111 per share to $0.115 per share, effective with the November 2013 dividend payment.

RELATED PARTY TRANSACTIONS

In connection with the Company's February 2013 offering of 3,820,000 common shares, the Fund reimbursed the Company for share issue costs of $4.1 million. Proceeds from the offering of common shares were used by the Company to purchase additional trust units of the Fund.

In connection with the Company's December 2012 offering of 9,597,000 subscription receipts, the Fund reimbursed the Company for share issue costs of $9.2 million. Proceeds from the offering of subscription receipts were used by the Company to purchase additional trust units of the Fund.

In 2013, the Company advanced $17.5 million (2012 – $6.8 million) to a subsidiary corporation of the Fund pursuant to a subordinated demand loan. At December 31, 2013, $24.3 million (2012 – $6.8 million) was outstanding. Interest on the demand loan was charged at 4.25% per annum. Interest income earned on the loan was $0.6 million (2012 – $0.1 million) for the year ended December 31, 2013 and $85,436 (2012 – $16,278) was included in accounts receivable and other as at December 31, 2013.

At December 31, 2013, accounts payable to Enbridge totaled $1,770 (2012 – $23,835) related to corporate costs paid by Enbridge on behalf of the Company. Accounts payable to the Fund were nil (2012 – $0.2 million) at December 31, 2013.

The Company has an agreement with ECT whereby ECT reimburses the Company for certain corporate costs. ECT reimbursed the Company $1.0 million (2012 – $1.4 million) for corporate costs incurred in 2013. At December 31, 2013, accounts receivable from ECT totaled $0.1 million (2012 – $0.4 million).

The Company has an agreement with Enbridge Management Services Inc. (EMSI), a wholly owned subsidiary of Enbridge, to provide management and administrative services to the Company. EMSI also provides management and administrative services to the Fund and the Fund's subsidiary, ECT. Provided that the Fund is paying a base fee to EMSI for the services received by the Fund, there is no fee payable to EMSI by the Company as was the case for the years ended December 31, 2013 and 2012.

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 Company and the Fund perform annual corporate risk assessments to identify potential risks. Risks are ranked based on the severity and likelihood both before and after mitigating actions. In addition, the Fund has adopted a Cash Flow at Risk (CFAR) policy to manage exposure to movements in interest rates, foreign exchange rates and commodity prices across all segments. 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's CFAR limit has been set at 2.5% of forward annual CAFD.

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, 2013 would have resulted in an increase or decrease in OCI, before income taxes of $56.5 million (2012 – $51.7 million) 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 of the Fund pursuant to a 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 businesses, the level of continued investment or the Fund'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 its businesses, the effective maintenance of the productive capacity of its assets 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 into the productive capacity of each operating segment and the future sustainability of distributions through regular maintenance programs, periodic maintenance capital expenditures and the pursuit of growth opportunities, where it sees fit.

Credit Risk

Credit risk arises from the possibility that counterparties may default on their contractual obligations to the Company. The demand loan due from a subsidiary of the Fund, accounts receivable, interest receivable, distributions receivable and cash and cash equivalents are subject to credit risk, the maximum exposure of which is their carrying value as presented on the statement of financial position. The Company manages its exposure to credit risk by ensuring counterparties are of high credit quality.

Fair Value of Financial Instruments
At December 31, 2013 and 2012, the Company's financial instruments were comprised of the Company's investment in the Fund, a demand loan due from a subsidiary corporation of the Fund, 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 of the Fund, 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 Fund's risk factor disclosure under the headings “Green Power – Business Risks”, “Liquids Transportation and Storage – Business Risks”, “Alliance Canada – Business Risks” and “Risk Management” in the Fund's MD&A and “Risk Factors” in the Company's AIF and the Fund's AIF.

The following are certain risk factors relating to the activities of ENF 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 subsidiaries of the Fund and their respective operations and investments, financial requirements for the Fund and its subsidiaries' operations and the Fund's ability to execute its growth strategy. Further, the Company must satisfy solvency and liquidity tests imposed by the ABCA in respect of the declaration and payment of dividends.

Pre-emptive Right
Pursuant to pre-emptive rights contained in the Fund Trust Indenture, the Company and Enbridge are entitled to acquire any Fund trust units proposed to be issued by the Fund in proportion to their respective economic interest in the Fund, taking into account the ECT Preferred Units. 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 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 subsidiaries 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.

CRITICAL ACCOUNTING ESTIMATES

Long-term Investment

The Company holds an investment in the Fund, representing 85.6% (2012 – 84.5%) of the outstanding Fund trust units as at December 31, 2013. 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.

CHANGES IN ACCOUNTING POLICIES

Fair Value Measurement

Effective January 1, 2013, the Company adopted IFRS 13, *Fair Value Measurement* which defines fair value and provides a single IFRS framework for the measurement and disclosure of fair value within IFRS standards. As the adoption of this standard impacted disclosure only, there was no impact to the Company's financial position for the current or prior periods presented.

Future Accounting Policy Changes

IFRS 9, *Financial Instruments* addresses classification and measurement of financial assets. IFRS 9 replaces the model for measuring equity instruments and will require recognition of the Company's investment in the Fund at fair value through earnings. The mandatory effective date for accounting periods beginning on or after January 1, 2015 was removed in November 2013 until the IFRS 9 project is finalized. Although immediate application of IFRS 9 is permitted, the Company does not anticipate early adoption of this standard.

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, the Manager of ENF, evaluated the effectiveness of ENF's disclosure controls and procedures (as defined in NI 52-109) and concluded that ENF's disclosure controls and procedures were effective as of December 31, 2013.

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. ENF'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 ENF, 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 ENF;
- 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 ENF's assets that could have a material effect on the financial statements.

ENF'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 ENF's policies and procedures.

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

SELECTED QUARTERLY FINANCIAL INFORMATION

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

	2013				2012			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
(thousands of Canadian dollars, except per share amounts)								
Revenues	**23,102**	22,924	22,836	22,182	16,611	14,434	14,399	14,391
Earnings	**22,139**	21,507	21,770	21,154	16,591	14,638	14,315	14,284
Earnings per common share, basic and diluted	**0.39**	0.38	0.39	0.40	0.39	0.37	0.36	0.36
Dividends declared, per common share	**0.340**	0.334	0.334	0.334	0.317	0.309	0.309	0.309

- The Company increased its dividend per common share by 3.0% to $0.115 per month effective with the November 2013 dividend.
- The Company subscribed for 4,768,000 trust units of the Fund in February 2013. The incremental ownership of trust units of the Fund increased the amount of distributions received on the trust units of the Fund and therefore, increased the Company's revenues and earnings.
- The Company increased its dividend per common share by 8.0% to $0.111 per month effective with the December 2012 dividend, which corresponded with a distribution increase from the Fund.
- The Company subscribed for 11,982,000 trust units of the Fund in December 2012 in connection with the acquisition of a portfolio of crude oil storage and wind and solar assets, which increased the total trust units of the Fund owned by the Company from 39,741,000 to 51,723,000. The incremental ownership of trust units of the Fund increased the amount of distributions received on the trust units and therefore, increased the Company's revenues and earnings.

OUTSTANDING SHARE DATA

As at February 10, 2014, 56,491,000 common shares and 1 special voting share of the Company were issued and outstanding.

ENBRIDGE INCOME FUND HOLDINGS INC.

FINANCIAL STATEMENTS

December 31, 2013

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. The financial statements have been prepared in accordance with International Financial Reporting Standards 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 regularly during the year with management, internal auditors and independent auditors to review the financial statements, Management's Discussion and Analysis, and Annual Information Form, as well as internal controls related thereto, prior to submission to the Board of Directors for approval.

Internal Control over Financial Reporting
To meet its responsibility for reliable and accurate financial statements, management has established or assumed responsibility for monitoring and maintaining adequate systems of internal control which are designed to provide reasonable assurance that financial information is relevant, reliable, timely and accurate, and that assets are safeguarded from loss or unauthorized use and transactions are executed in accordance with management's authorization. The internal control system includes an internal audit function as well as monitoring of an established code of business conduct.

PricewaterhouseCoopers LLP, appointed by the shareholders as ENF's independent auditors, conducts an examination of the financial statements in accordance with Canadian generally accepted auditing standards.

"signed"
Perry F. Schuldhaus
President

"signed"
Colin K. Gruending
Chief Financial Officer

February 10, 2014

February 10, 2014

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, 2013 and December 31, 2012 and the statements of comprehensive income, 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, 2013 and December 31, 2012 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants

ENBRIDGE INCOME FUND HOLDINGS INC.
STATEMENTS OF COMPREHENSIVE INCOME

Year ended December 31,	**2013**	2012
(thousands of Canadian dollars, except per share amounts)		
Distribution and other income *(Note 4)*	**91,044**	59,835
Income tax *(Note 6)*	**(4,474)**	(7)
Earnings	**86,570**	59,828
Items that may be reclassified to earnings		
Other comprehensive income/(loss)		
Unrealized fair value change in available-for-sale investment *(Note 4)*	**(42,386)**	164,336
Income tax (expense)/recovery *(Note 6)*	**5,309**	(20,542)
	(37,077)	143,794
Comprehensive income	**49,493**	203,622
Basic and diluted earnings per common share	**1.55**	1.48

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

ENBRIDGE INCOME FUND HOLDINGS INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Year ended December 31,	**2013**	2012
(thousands of Canadian dollars)		
Share capital		
Common shares *(Note 5)*		
Balance at beginning of year	**802,683**	525,300
Issued for cash	**119,200**	277,383
	921,883	802,683
Special voting share *(Note 5)*	**-**	-
Balance at end of year	**921,883**	802,683
Share premium *(Note 5)*	**192,458**	192,458
Retained earnings		
Balance at beginning of year	**9,562**	2,492
Earnings	**86,570**	59,828
Common share dividends declared	**(75,264)**	(52,758)
Balance at end of year	**20,868**	9,562
Accumulated other comprehensive income		
Balance at beginning of year	**212,266**	68,472
Other comprehensive income/(loss)	**(37,077)**	143,794
Balance at end of year	**175,189**	212,266
Total shareholders' equity	**1,310,398**	1,216,969

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

ENBRIDGE INCOME FUND HOLDINGS INC.
STATEMENTS OF CASH FLOWS

Year ended December 31,	**2013**	2012
(thousands of Canadian dollars)		
Operating activities		
Earnings	**86,570**	59,828
Deferred income taxes	**114**	35
Changes in operating assets and liabilities		
Accounts receivable and other	**2,457**	(2,329)
Distributions receivable	**(699)**	(2,144)
Accounts payable and accrued liabilities	**(591)**	137
Income taxes payable	**4,323**	(2,456)
	92,174	53,071
Financing activities		
Subscription receipts issued *(Note 5)*	**-**	222,170
Common shares issued *(Note 5)*	**119,200**	55,213
Common share dividends paid *(Note 5)*	**(74,544)**	(51,097)
	44,656	226,286
Investing activities		
Purchase of Enbridge Income Fund trust units *(Note 4)*	**(119,200)**	(277,383)
Demand loan advances to investee *(Note 10)*	**(17,450)**	(6,800)
	(136,650)	(284,183)
Change in cash and cash equivalents	**180**	(4,826)
Cash and cash equivalents at beginning of year	**90**	4,916
Cash and cash equivalents at end of year	**270**	90
Supplementary cash flow information		
Income taxes paid	**37**	4,658

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

ENBRIDGE INCOME FUND HOLDINGS INC.
STATEMENTS OF FINANCIAL POSITION

December 31,	**2013**	2012
(thousands of Canadian dollars)		
Assets		
Current assets		
Cash and cash equivalents	**270**	90
Accounts receivable and other	**221**	2,678
Demand loan due from investee *(Note 10)*	**24,250**	6,800
Distributions receivable *(Note 4)*	**7,640**	6,941
	32,381	16,509
Investment in Enbridge Income Fund *(Note 4)*	**1,314,545**	1,237,731
	1,346,926	1,254,240
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable and accrued liabilities	**79**	670
Income taxes payable	**4,323**	-
Dividends payable *(Note 5)*	**6,474**	5,754
	10,876	6,424
Deferred income taxes *(Note 6)*	**25,652**	30,847
	36,528	37,271
Shareholders' equity		
Share capital *(Note 5)*	**921,883**	802,683
Share premium *(Note 5)*	**192,458**	192,458
Retained earnings	**20,868**	9,562
Accumulated other comprehensive income	**175,189**	212,266
	1,310,398	1,216,969
	1,346,926	1,254,240

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

Approved by the Board of Directors:

"signed"
E.F.H. Roberts
Director

"signed"
Gordon G. Tallman
Director

ENBRIDGE INCOME FUND HOLDINGS INC.
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL BUSINESS DESCRIPTION

Enbridge Income Fund Holdings Inc. (ENF or 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 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 3000, 425 – 1st Street SW, Calgary, Alberta, Canada.

The business of ENF is limited to investment in the Fund. The Fund is involved in the generation, transportation and storage of energy through its green power generation facilities, liquids transportation and storage facilities and 50% interest in the Canadian segment of the Alliance Pipeline.

2. BASIS OF PREPARATION

The Company prepares its financial statements in accordance with International 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 10, 2014, the date the Board of Directors approved the statements.

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.

Financial Instruments
The Company classifies financial assets and liabilities as held for trading, available-for-sale, loans and 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 (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 rather than under the equity method of accounting, which would typically apply in situations where an investor has significant influence over an investee, due to the redeemable nature of the trust units. The Fund trust units do not qualify as equity instruments under IFRS due to the redemption feature which 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 cash and cash equivalents, accounts receivable, demand loan due from investee 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 equity 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 and diluted earnings per share is calculated by dividing earnings for the year by the weighted average number of common shares outstanding during the year. At December 31, 2013 and 2012, no potentially dilutive instruments were outstanding.

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 assets *(Note 8)* and income taxes *(Note 6)*. Actual results could differ from these estimates.

Changes in Accounting Policies
Effective January 1, 2013, the Company adopted IFRS 13, *Fair Value Measurement* which defines fair value and provides a single IFRS framework for the measurement and disclosure of fair value within IFRS standards. As the adoption of this standard impacted disclosure only, there was no impact to the Company's financial position for the current or prior periods presented.

Future Accounting Policy Changes
IFRS 9, *Financial Instruments* addresses classification and measurement of financial assets. IFRS 9 replaces the model for measuring equity instruments and will require recognition of the Company's investment in the Fund at fair value through earnings. The mandatory effective date for accounting periods beginning on or after January 1, 2015 was removed in November 2013 until the IFRS 9 project is finalized. Although immediate application of IFRS 9 is permitted, the Company does not anticipate early adoption of this standard.

4. INVESTMENT IN ENBRIDGE INCOME FUND

Year ended December 31,	**2013**	2012
(thousands of Canadian dollars)		
Balance at beginning of year	**1,237,731**	796,012
Investment acquired	**119,200**	277,383
Fair value change for the year	**(42,386)**	164,336
Balance at end of year	**1,314,545**	1,237,731

Plan of Arrangement
On December 17, 2010, pursuant to a plan of arrangement (the Plan) to restructure the Fund, all publicly held trust units of the Fund and 5,000,000 trust units of the Fund held by Enbridge were exchanged on a one-for-one basis for common shares of the Company, resulting in the Company owning 25,125,000, or 72.6%, of the Fund's issued and outstanding trust units. The Company's common shares commenced trading on the Toronto Stock Exchange on December 21, 2010.

Renewable Energy Acquisition
In October 2011, the Company subscribed for 14,616,000 trust units of the Fund at a price of $18.75 per unit to partially fund the Fund's acquisition of three renewable power generation facilities owned by subsidiaries of Enbridge (the 2011 Transaction). The assets acquired were the Sarnia Solar Project, the Ontario Wind Project and the Talbot Wind Project. Following the 2011 Transaction and related equity financing by the Fund, the Company held 39,741,000, or 80.7%, of the Fund's issued and outstanding trust units.

Crude Oil Storage and Renewable Energy Acquisition
In December 2012, the Company subscribed for 11,982,000 trust units of the Fund at a price of $23.15 per unit to partially fund the Fund's acquisition of crude oil storage facilities and three renewable power generation facilities owned by Enbridge and subsidiaries of Enbridge (the 2012 Transaction). The assets acquired were the Hardisty Contract Terminals, the Hardisty Storage Caverns, the Greenwich Wind Project, the Amherstburg Solar Project and the Tilbury Solar Project. Following the 2012 Transaction and related equity financing by the Fund, the Company held 51,723,000 or 84.5%, of the Fund's issued and outstanding trust units.

Enbridge Income Fund

The Fund is involved in the generation, transportation and storage of energy. The Fund conducts business through three operating segments: Green Power, Liquids Transportation and Storage, and Alliance Canada. The Green Power segment includes interests in renewable and alternative power generation facilities. The Liquids Transportation and Storage segment includes the Saskatchewan System crude oil and liquids pipeline systems which connects to the Enbridge Mainline System at Cromer, Manitoba, as well as liquids storage assets in both Saskatchewan and Alberta. Alliance Canada consists of the Fund's 50% interest in the Canadian portion of the Alliance System which transports natural gas from supply areas in northwestern Alberta and northeastern British Columbia to delivery points near Chicago, Illinois.

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

Year ended December 31,	**2013**	2012[1,2]
(thousands of Canadian dollars)		
Revenues	**403,224**	389,642
Earnings	**79,815**	89,651

December 31,	**2013**	2012[2]
(thousands of Canadian dollars)		
Total assets	**2,756,810**	3,000,404
Total liabilities	**2,197,052**	2,555,731

1 Retrospectively adjusted to furnish comparative information related to an acquisition of crude oil storage facilities and wind and solar power generation facilities in December 2012.
2 Previously issued consolidated financial statements for the Fund have been revised. See "Revision of Prior Period Financial Statements" section.

Revision of Prior Period Financial Statements

In connection with the preparation of the Fund's consolidated financial statements for the three months ended March 31, 2013, an error was identified in the manner in which the Fund's investee, Alliance Canada, recorded a deferred regulatory asset associated with the difference between depreciation expense calculated in accordance with U.S. GAAP and negotiated depreciation rates recovered in transportation tolls. This resulted in an overstatement of the Fund's carrying value of its investment in Alliance Canada. Further, a deferred income tax liability and an offsetting regulatory asset were recognized by the Fund related to the carrying value of its investment. The Fund assessed the error and concluded that the related amount was not material to any of its previously issued consolidated financial statements. The Fund revised its previously issued consolidated financial statements to correct the effect of this error. This non-cash revision does not impact cash flows for any prior period.

The Fund's summarized financial information, prepared in accordance with U.S. GAAP, would differ had it been prepared under IFRS. The most significant differences between U.S. GAAP and IFRS applicable to the Fund are as follows:

Rate Regulation
The operations of Alliance Canada and certain Liquids Transportation and Storage businesses are subject to regulation by various authorities which exercise statutory authority over matters such as construction, rates and ratemaking and agreements with customers. The timing of recognition of certain revenues and expenses impacted by regulation and the recognition of regulatory assets and liabilities under U.S. GAAP differs from IFRS. IFRS does not historically recognize regulatory assets and liabilities and also prohibits recognition of the equity component of allowance for funds used during construction (AFUDC), which is permitted under U.S. GAAP. At December 31, 2013, the Fund's net regulatory asset as presented in accordance with U.S. GAAP was approximately $60.9 million (December 31, 2012 – $72.9 million) including an equity component of AFUDC. The earnings impact of rate regulation was an approximate after tax decrease of $8.9 million for the year ended December 31, 2013 (2012 – $8.2 million increase).

Property, Plant and Equipment
Under U.S. GAAP similar assets are grouped and depreciated as a pool. Gains or losses are not recognized when the assets are disposed or retired. IFRS does not permit the pool method of accounting and would require gains or losses on retirement to be recognized in earnings.

Preferred and Trust Unit Presentation
Under U.S. GAAP, the ECT preferred units and trust units of the Fund are presented as mezzanine equity on the Consolidated Statements of Financial Position between long-term liabilities and unitholders' deficit. The ECT preferred units and trust units of the Fund are recorded at their maximum redemption value with changes in estimated redemption value reflected as a charge or credit to deficit.

Under IFRS, the ECT preferred units would be designated as a financial liability at fair value through profit or loss. The Fund's trust units would be recognized at amortized cost and presented as a liability by virtue of the holders' right to redeem the trust units for cash, subject to certain limitations. Adjustments to estimated future cash flows of a financial liability carried at amortized cost would be recognized in earnings.

Distribution Income
The Fund declared distributions on a monthly basis from January to October 2013 at a rate of $0.13417 per unit and at a rate of $0.13525 per unit for the months of November and December 2013. The Fund declared distributions on a monthly basis from January to November 2012 at a rate of $0.12067 per unit and at a rate of $0.13417 per unit for the month of December 2012.

5. SHARE CAPITAL AND SHARE PREMIUM

Authorized

The authorized share capital of the Company consists of an unlimited number of common shares with no par value, 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

	2013		2012	
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	**51,723,000**	**802,683**	39,741,000	525,300
Issued for cash	**4,768,000**	**119,200**	11,982,000	277,383
Balance at end of year[1]	**56,491,000**	**921,883**	51,723,000	802,683
Special voting share[1]	**1**	**-**	1	-
Balance at end of year	**56,491,001**	**921,883**	51,723,001	802,683

1 Enbridge owns 11,242,000 (2012 – 10,294,000) common shares and the special voting share.

Plan of Arrangement

Pursuant to the Plan, 20,125,000 trust units of the Fund held by public unitholders, together with 5,000,000 trust units of the Fund 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 Board of Directors of the Company declared monthly dividends at a rate of $0.11125 per share for the months January to October 2013 and $0.1146 per share for the months of November and December 2013. The Board of Directors of the Company declared monthly dividends at a rate of $0.103 per share for the months January to November 2012 and $0.11125 per share for the month of December 2012.

On January 15, 2014, the Company declared a dividend of $0.1146 per share to be paid on February 18, 2014 to shareholders of record on January 31, 2014.

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 is entitled to 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.

2013 Common Share Offering and Private Placement
In February 2013, the Company completed a bought deal underwriting offering of 3,820,000 common shares at a price of $25.00 per common share for gross proceeds of $95.5 million. Enbridge also subscribed for an additional 948,000 common shares at a price of $25.00 per common share for gross proceeds of $23.7 million. The Company used the aggregate gross proceeds of $119.2 million to subscribe for 4,768,000 units of the Fund.

2012 Subscription Receipts Offering and Private Placement
In November 2012, the Company completed a bought deal underwriting offering of 9,597,000 subscription receipts at a price of $23.15 per subscription receipt for gross proceeds of $222.2 million. The gross proceeds were held by an escrow agent pending closing of the 2012 Transaction.

In December 2012, shareholders of the Company approved the 2012 Transaction, the gross proceeds from the subscription receipt offering of $222.2 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 $2.0 million representing October and November dividends. Enbridge also subscribed for an additional 2,385,000 common shares at a price of $23.15 per common share for gross proceeds of $55.2 million. The Company used the aggregate gross proceeds of $277.4 million to subscribe for 11,982,000 units of the Fund and the Fund in turn used these proceeds to complete the 2012 Transaction.

Earnings Per Common Share
Earnings per common share is calculated by dividing earnings by the weighted average number of common shares outstanding. Weighted average shares outstanding used to calculate both basic and diluted earnings per share were 55,746,408 for the year ended December 31, 2013 (2012 – 40,430,376).

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.

Dividend Reinvestment and Share Purchase Plan
Under the Dividend Reinvestment and Share Purchase Plan, registered shareholders may reinvest dividends in common shares of the Company and make additional cash payments to purchase common shares, free of brokerage or other charges. Common shares may be issued directly from the treasury by the Company, be purchased through the facilities of the TSX or be acquired through a combination of the two methods. For the years ended December 31, 2013 and 2012, the Company did not issue common shares from the treasury pursuant to the Dividend Reinvestment and Share Purchase Plan.

6. INCOME TAXES

The initial acquisition of Fund trust 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, 2013 and 2012, deferred income taxes represented the difference in accounting and tax bases of the Investment in Enbridge Income 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, 2013 was comprised of current income tax expense of $4.4 million (2012 – $28,114 recovery) and deferred income tax expense of $0.1 million (2012 – $35,119).

Income Tax Rate Reconciliation

Year ended December 31,	**2013**	2012
(thousands of Canadian dollars)		
Earnings before income taxes	**91,044**	59,835
Combined statutory income tax rate	**25.0%**	25.0%
Income taxes at statutory income tax rate	**22,761**	14,959
Decrease resulting from		
Non-taxable dividend	**(18,175)**	(14,923)
Return of capital	**(112)**	-
Other	**-**	(29)
Income tax expense	**4,474**	7
Effective income tax rate	**4.9%**	-

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, 2013 would have resulted in an increase or decrease in OCI, before income taxes of $56.5 million (2012 – $51.7 million) 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 of the Fund pursuant to a 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 investee, accounts receivable, interest receivable, distributions receivable and cash and cash equivalents are subject to credit risk, the maximum exposure of which is the carrying value as presented on the statement of financial position. The Company manages its exposure to credit risk by ensuring counterparties are of high credit quality. At December 31, 2013, accounts receivable were due from ECT and the Fund.

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, 2013 or December 31, 2012.

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, 2013, the Company's investment in the Fund had a fair value of $1.3 billion (December 31, 2012 – $1.2 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, 2013 or December 31, 2012.

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, 2013 and December 31, 2012.

9. CAPITAL DISCLOSURES

The Company defines capital as shareholders' equity less cash and cash equivalents. Capital totaled $1.3 billion (2012 – $1.2 billion) at December 31, 2013.

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 connection with the Company's February 2013 offering of 3,820,000 common shares, the Fund reimbursed the Company for share issue costs of $4.1 million. Proceeds from the offering of common shares were used by the Company to purchase additional trust units of the Fund.

In connection with the Company's December 2012 offering of 9,597,000 subscription receipts, the Fund reimbursed the Company for share issue costs of $9.2 million. Proceeds from the offering of subscription receipts were used by the Company to purchase additional trust units of the Fund.

In 2013, the Company advanced $17.5 million (2012 – $6.8 million) to a subsidiary corporation of the Fund pursuant to a subordinated demand loan. At December 31, 2013, $24.3 million (2012 – $6.8 million) was outstanding. Interest on the demand loan was charged at 4.25% per annum. Interest income earned on the loan was $0.6 million (2012 – $0.1 million) for the year ended December 31, 2013 and $85,436 (2012 – $16,278) was included in accounts receivable and other as at December 31, 2013.

At December 31, 2013, accounts payable to Enbridge totaled $1,770 (2012 – $23,835) related to corporate costs paid by Enbridge on behalf of the Company. Accounts payable to the Fund were nil (2012 – $0.2 million) at December 31, 2013.

The Company has an agreement with ECT whereby ECT reimburses the Company for certain corporate costs. ECT reimbursed the Company $1.0 million (2012 – $1.4 million) for corporate costs incurred in 2013. At December 31, 2013, accounts receivable from ECT totaled $0.1 million (2012 – $0.4 million).

The Company has an agreement with Enbridge Management Services Inc. (EMSI), a wholly owned subsidiary of Enbridge, to provide management and administrative services to the Company. EMSI also provides management and administrative services to the Fund and the Fund's subsidiary, ECT. Provided that the Fund is paying a base fee to EMSI for the services received by the Fund, there is no fee payable to EMSI by the Company as was the case for the years ended December 31, 2013 and 2012.