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ENF.TO - Enbridge Income Fund Holdings Inc. Annual and Special Shareholder Meeting

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CORPORATE PARTICIPANTS

Debra Poon *Enbridge Management Holdings Inc. - Corporate Secretary*

Gordon Tallman *Enbridge Income Fund Holdings Inc. - Chairman*

Perry Schuldhaus *Enbridge Income Fund Holdings Inc. - President*

CONFERENCE CALL PARTICIPANTS

Karen Kosziwka - *Proxy Holder*

Max Chan - *Shareholder*

Alison Love - *Shareholder*

Jana Hordichuk - *Proxy Holder*

Tyler Robinson - *Proxy Holder*

Rod Craddock - *Shareholder*

Jennifer Varey - *Shareholder*

Andrew Swales - *Proxy Holder*

Teri Majer - *Shareholder*

PRESENTATION

Debra Poon - *Enbridge Management Holdings Inc. - Corporate Secretary*

Good afternoon, ladies and gentlemen. My name is Debra Poon. I am the Corporate Secretary for Enbridge Management Holdings LTD -- sorry, I meant Holdings Inc., and I wish to welcome you to the Annual and Special Meeting of Enbridge Income Fund Holdings Inc.

Before we start the meeting, I would like to review a few safety and process matters. The emergency exits are at the back of the room. In an emergency, the building's alarm system will sound and you should exit in an orderly manner the same way you came in. Please proceed out the main doors, leading to 4th Avenue and away from the building.

You will be advised if and when it is safe to return. Washrooms are located in the lobby area on the east side of the building.

Finally, please take a moment to turn off your phone or set it to vibrate.

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Ladies and gentlemen, as it is now 1.30 p.m., the meeting will come to order. Welcome to the Annual and Special Meeting of Shareholders of Enbridge Income Fund Holdings Inc. I would also like to welcome those shareholders listening in to the live webcast.

My name is Gordon Tallman. I am Chairman of the Board of Directors and I will act as Chairman of the meeting. Debra Poon, Corporate Secretary of Enbridge Management Services Inc., seated to my right, will act as Secretary of the meeting.

I would also like to introduce Perry Schuldhaus, President of the Corporation and of Enbridge Management Services Inc., who is seated with me. Mr. Schuldhaus assumed the role of President on January 1, 2014, replacing John Whelen, who remains the Senior Vice President and Controller of Enbridge Inc.



We have important business items to address today, and we sincerely appreciate your interest and attendance. In order to ensure that the business of the meeting proceeds in a timely manner, certain shareholders or proxy holders have volunteered to move or second the proposals relating to the business identified in the Notice of Meeting.

Any shareholder or proxy holder with a question on a specific item of business is welcome to ask it at the time that item of business is being considered. If you wish to make a general comment or ask a question not directly related to the business under discussion, I would appreciate if you could wait until the general question period after the close of the formal part of the meeting.

There are non-shareholders present at this meeting, and I trust there's no objection on the part of shareholders to their presence. I remind you that only shareholders or proxy holders are entitled to vote, ask questions, or take any other active part in this meeting. When asking a question or making or seconding a motion, please state your full name and confirm your status as a shareholder or proxy holder. This will assist in correctly recording the proceedings. Please use the microphone that has been placed in the aisle for this purpose.

This meeting has been called as an annual and special meeting of the holders of common shares of Enbridge Income Fund Holdings Inc. This afternoon we will deal with the items of business specified in the Notice of the Meeting. Shareholders will be asked to first consider the general business of the meeting. They will receive the financial statements of the Corporation for the year ended December 31, 2013, together with the accompanying report of the auditors.

Shareholders will then be asked to vote on the appointment of the auditor for the upcoming year and to authorize the Directors to fix their remuneration. Next, shareholders will be asked to elect the Directors for the ensuing year.

Finally, shareholders will be asked to consider two items of special business, which are the approval of amendments to the Articles of the Corporation and the approval and ratification of the Corporation Shareholder's Rights Plan. The special business is outlined in the information circular.

Assuming no other business is properly brought before the meeting, the formal portion of the meeting will then be terminated, following which Mr. Schulhaus will review the Corporation's performance over the past year. A general question period will follow, during which you may ask questions concerning the Corporation. We invite you to join us for light refreshments at the end of the proceedings and to meet with the Directors and management of the Corporation.

Before we begin, I would like to take this opportunity to point out that we have in the audience today a number of the Directors of the Corporation as well as members of the Manager of the Corporation, Enbridge Management Services Inc. They can be identified by nametags. Please feel free to approach these individuals following the conclusion of the meeting to discuss any questions you may have concerning the Corporation.

We will now move to the business of the meeting. Sylvia Stake and [Donald Santini] of CST Trust Company, the Corporation's registrar and transfer agent, are in attendance today and I appoint them to act as scrutineers for the meeting. I will now ask Ms. Poon to confirm the proper notice of the meeting was given and that a quorum is present.

Debra Poon - Enbridge Management Holdings Inc. - Corporate Secretary

Mr. Chairman, notice of this meeting was mailed on March 25, 2014 to all shareholders of record on March 18, 2014. A copy of the Notice of Meeting and Proof of Service on registered shareholders will be filed with the records of this meeting.

The scrutineers' report on attendance at the meeting shows 13 shareholders in attendance in person and 61 shareholders represented by proxy, holding a total of 24,164,691 common shares, representing 42.78% of the issued and outstanding common shares. Based on the scrutineers' report on attendance, I can confirm that a quorum is present.



Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

I declare this meeting to be properly constituted for the transaction of business. Voting on the election of Directors and on each of the special resolutions will be conducted by ballot, and each shareholder or proxy holder in attendance will have received a blue, yellow, and green ballot from the scrutineers for completion on their way into the meeting. The scrutineers will present their report on the results of the ballots at the appropriate point in the meeting. Ms. Poon, will you please explain the ballot procedure?

Debra Poon - *Enbridge Management Holdings Inc. - Corporate Secretary*

Each registered shareholder and proxy holder who has not previously filed a proxy must complete the ballots given to you when you registered for the meeting in order to vote your shares. You must indicate your vote on the ballot by marking an X either for or withheld in respect of the election of Directors, or for or against in respect of the special business matters. When you have completed your ballots, please sign it with your usual name and hand the completed ballot to the scrutineers when requested to do so by the Chairman.

Many shareholders present will have already filed their proxy with the Corporation. If you have done so, you will not have to complete a ballot since your shares will be voted in accordance with your preference expressed in the proxy.

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Unless a ballot is demanded, voting on all other matters before the meeting will be conducted by a show of hands.

The first item of business is the placing before the meeting of the Corporation's financial statements and the auditor's report for the year ended December 31, 2013. The financial statements, auditor's report, and the MD&A for the year ended December 31, 2013 were approved by the Directors and mailed to registered shareholders with the notice of the meeting.

The Corporation's auditor is PricewaterhouseCoopers LLP. I would like to introduce Shannon Ryhorchuk of PricewaterhouseCoopers LLP and ask her to stand for your recognition. Hi, Shannon. Thank you. Ms. Ryhorchuk will be available during the general question period following the President's remarks to answer any questions appropriately directed to the Corporation's auditor regarding the financial statements.

The next item of business is the appointment of the auditor of the Corporation. The Board of Directors, on the advice of the Audit Committee, recommends the reappointment of PricewaterhouseCoopers LLP. May I have a motion that PricewaterhouseCoopers LLP be appointed as the auditor for Enbridge Income Fund Holdings Inc. until the close of the next annual meeting of shareholders or until its successor is appointed at such remuneration as shall be fixed by the Directors of Enbridge Income Fund Holdings Inc.

Karen Kosziwka - *Proxy Holder*

Good afternoon, Mr. Chairman. My name is Karen Kosziwka. I'm a proxy holder and I so move.

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Thank you, Karen.

Max Chan - *Shareholder*

My name is Max Chan. I'm a shareholder and I second the motion.



Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Thank you, Max. You have heard the motion, which has been seconded. Is there any discussion on the motion? If there's no discussion, will those in favor please indicate their approval by raising their right hand? Motion carried.

The next item of business is the election of Directors for the ensuing year. The Articles of the Corporation provide for a minimum of six and a maximum of seven Directors. As I have reached the mandatory age of retirement, I am not standing for re-election. Management has nominated the following individuals, six of whom are incumbent Directors, and each has agreed to stand for election or re-election -- Richard H. Auckinleck, J. Richard Bird, M. Elizabeth Cannon, Charles W. Fischer, Brian E. Frank, E.F.H. "Harry" Roberts, and Bruce G. Waterman.

Are there any further nominations? There being no further nominations, I declare nominations closed. May I have a motion that Richard H. Auckinleck, J. Richard Bird, M. Elizabeth Cannon, Charles W. Fischer, Brian E. Frank, E.F.H. [Harry Roberts], and Bruce G. Waterman be elected as Directors of Enbridge Income Fund Holdings Inc., to hold office until the next annual meeting of shareholders or until their successors are elected or appointed?

Alison Love - *Shareholder*

Mr. Chairman, my name is Alison Love. I am a shareholder and I so move.

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Thank you, Alison.

Jana Hordichuk - *Proxy Holder*

My name is Jana Hordichuk. I'm a proxy holder and I second the motion.

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Thank you, Jenna. We will conduct the vote of this motion by ballot. Ms. Poon explained how ballots are to be completed at the beginning of the meeting. You must place an X beside the names of the nominees you wish to elect. Please ensure that you complete and sign the blue ballot and hand it to the scrutineers.

I have received confirmation from the scrutineers that the seven nominated Directors have been duly elected as Directors. Accordingly, I declare the resolution carried and the seven persons nominated have been elected Directors of the Corporation to hold office until the close of the next annual meeting of shareholders or until their respective successors have been elected or appointed. The exact number of votes for and withheld for each Director can be obtained from the Corporate Secretary and will be filed on SEDAR as well as available on the Corporation's website.

Would each Director in attendance today please stand when called so that you may be recognized? I would like to introduce the Directors -- Dick Auckinleck, Richard Bird, Elizabeth Cannon, Charlie Fischer, Brian Frank, Harry Roberts, and Bruce Waterman. I would like to express, on behalf of the Corporation and its Manager, our thanks to all of the Directors for the advice and counsel they have provided the Corporation over the past year.

We will now proceed with the special business of the meeting. Shareholders have been asked to pass a special resolution to approve an amendment to the Articles of the Corporation. This special resolution must be approved by a majority of not less than two-thirds of the votes cast at this meeting.

May I have a motion that the Articles of the Corporation be amended to increase the maximum number of Directors which may be elected or appointed to the Board of Directors of the Corporation from seven to 10 be, and is hereby approved, and notwithstanding the approval of the



shareholders of this special resolution, the Board of Directors of the Corporation may decide not to proceed with or revoke this special resolution at any time prior to the filing of the Articles of Amendment?

Tyler Robinson -- *Proxy Holder*

Mr. Chairman, my name is Tyler Robinson. I'm a proxy holder and I so move.

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Thanks, Tyler.

Rod Craddock -- *Shareholder*

My name is Rod Craddock. I am a shareholder and I second the motion.

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Thanks, Rod. We will also conduct the vote on this motion by ballot. Ms. Poon explained how ballots are to be completed at the beginning of the meeting. Please ensure that you complete and sign the yellow ballot and hand it to the scrutineers.

I have received confirmation from the scrutineers that this special resolution has passed. Accordingly, I declare this special resolution carried. The exact number of votes for and against the resolution can be obtained from the Corporate Secretary and will be filed on SEDAR as well as available on the Corporation's website.

Shareholders have been asked to consider and, if deemed appropriate, pass the ordinary resolution to approve, ratify, and confirm the Shareholders Rights Plan, as described in the information circular. This resolution must be approved by a majority of the votes cast at this meeting. May I have a motion that the amended and restated Shareholders Rights Plan Agreement, made as of February 10, 2014 between the Corporation and CST Trust Company as rights agent, be and is hereby approved, ratified, and confirmed?

Jennifer Varey -- *Shareholder*

Mr. Chairman, my name is [Jennifer Varey]. I'm a shareholder and I so move.

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Thanks, Jennifer.

Andrew Swales -- *Proxy Holder*

My name is Andrew Swales. I'm a proxy holder and I second the motion.

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Thanks, Andrew. We will also conduct a vote of this motion by ballot. Ms. Poon explained how ballots are to be completed at the beginning of the meeting. Please ensure that you complete and sign the green ballot and hand it to the scrutineers.

I have received confirmation from the scrutineers that the resolution has passed. Accordingly, I declare the resolution carried. The exact number of votes for and against the resolution can be obtained from the Corporate Secretary and will be filed on SEDAR as well as available on the Corporation's website.

We have concluded the scheduled business of the meeting. Thank you for your show of support by attending and expressing your voting preferences. There being no further scheduled business, I will ask for a motion that the formal part of the meeting now terminate.

Teri Majer - - *Shareholder*

Mr. Chairman, my name is Teri Majer. I am a shareholder and I so move.

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Thank you, Teri.

Rod Craddock - - *Shareholder*

My name is Rod Craddock. I am a shareholder and I second the motion.

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Thank you, Rod. Will those in favor please indicate your approval by raising your right hand? Okay, motion carried. I declare the formal portion of the meeting to be ended.

As I indicated earlier, having reached the mandatory age of retirement, this meeting concludes my tenure as a Director and Chair of the Board of Directors of the Corporation. With the support of an engaged Board of Directors and an outstanding management team, it has been my honor to serve shareholders as a Director and Independent Chair for the past 11 years.

I would like to welcome our two new board members and extend my personal thanks to the management team for the excellent job they have done during my watch as Chairman. In particular, I wish to thank John Whelen, who served as the President of the Corporation since December 2010 and of Enbridge Management Services Inc., which is also the administrator of Enbridge Income Fund, since September 2006 until January 1, 2014.

Okay. I wish the incoming Chair and the other board members much success in overseeing the operations of your Company. In my view, the future continues to look very bright.

I am now pleased to proceed to the President's remarks, followed by the general question period. I call upon Perry Schuldhaus, President of the Corporation and of Enbridge Management Services Inc., to review the Corporation's performance over the past year. Please hold your questions until the conclusion of Mr. Schuldhaus' presentation.

Perry Schuldhaus - *Enbridge Income Fund Holdings Inc. - President*

Good afternoon. I'd like to extend a welcome to everyone to the Enbridge Income Fund Holdings 2014 Annual and Special Meeting of Shareholders. Thank you for joining us. My name is Perry Schuldhaus, President of the Company.



I am very pleased to be here today to provide you with an update on Enbridge Income Fund Holdings, what has been accomplished over the last year, our financial results for 2013 and the first quarter of 2014, and to tell you a little more about what we see on the horizon and why our management team remains very excited about the Company's prospects.

Before I begin the formal presentation, I would first like to truly thank Mr. Gord Tallman for his leadership and counsel to the board and the Company over the last 11 years as Chair of the Board of Directors. Gord is the only Chair of the Board the Fund has had, and his leadership -- and under his leadership the Company has navigated through some challenging issues and has experienced consistent and steady growth. His steadfast guidance has been highly appreciated, and I know his fellow board members and management wish him nothing but good health and happiness in the future. Thank you, Gord.

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Thank you.

Perry Schuldhaus - *Enbridge Income Fund Holdings Inc. - President*

As well, I echo Mr. Tallman's remarks to recognize John Whelen, and extend a thank you to John for his hard work, dedication, and valuable contributions to Enbridge Income Fund as President over the past four years.

As I now move to the presentation, I would like to -- I would ask you to take a moment and acknowledge our legal disclaimer on forward-looking information, as some of the remarks this afternoon may fall into the category of forward-looking information.

Also, my remarks today will largely focus on the operational results and activities of the entity Enbridge Income Fund, or the Fund, as we refer to it, as this is the way the Company -- as this is the Company from which ENF receives its cash flow by way of distributions and enables ENF in turn to pay dividends to its shareholders.

So, let's look at the highlights from the past year. 2013 was another solid year for the Fund. Over the past year, management was squarely focused on executing our core strategies to ensure the Company is well positioned for future growth. We accomplished this by continuing to focus on operational excellence and system integrity across our asset base.

In 2013 alone, over \$11 million was directed to our maintenance and integrity program to ensure our operations continue to be safe and reliable in order to deliver the services our customers count on. Through 2014 and into 2015, we expect to continue to spend a prudent amount of our cash available for distribution on this ongoing integrity program.

Moving to the second item on the list, in 2013 we successfully integrated the newly acquired Hardisty contract storage and green energy assets into our portfolio and implemented strong management and governance structures to support our growing asset base.

In 2013, we brought into service the Fund's largest capital project to date with the completion of the Bakken Expansion Pipeline. This project was estimated to cost \$190 million and was brought into service on time. With some minor site remediation work to be completed this spring, we expect this project to come in under budget. This project is predominantly underwritten by long-term take-or-pay contracts and represents another attractive and stable source of low-risk distributable cash flow for the Fund.

We had strong financial results, which I will discuss shortly, and this supported a 3% dividend increase for shareholders that was declared in November of 2013. And we again successfully accessed the capital markets early in 2013 with a common share issuance which raised \$119 million. We have enhanced our ability to access Canadian capital markets and we are well positioned to fund new growth when new opportunities arise.



With the solid performance in 2013, our investors continued to benefit, as evidenced here, with ENF's 10-year total shareholder return to the end of 2013, which continues to outperform the broader Canadian index. The value proposition was further bolstered and underscored by a further 12% increase in the value of the shares over the first quarter of 2014.

In the last 10 years, the Company has successfully navigated through the 2008 financial crisis and the restructuring phase of the Company from a trust to a taxable corporation in late 2010. Today, ENF continues to benefit from the historically low interest rate environment as its healthy yield and low-risk business model appeals to a large investor base that desires steady, monthly cash returns.

Our total shareholder return has been also bolstered by the successful execution of our organic growth programs in Saskatchewan over the last five years and two large asset drop-downs into the Fund in 2011 and 2012. In each of 2011 and 2012, the Fund completed \$1.2 billion asset acquisitions.

All of the assets acquired are stable cash flow providers for the Fund as they are underpinned by long-term fixed price contracts with strong credit counterparties and fit perfectly with the Company's low-risk value proposition.

Importantly, each of these transactions were financed at attractive rates in both the equity and debt markets, which positions the Company and the Fund to respond to further asset acquisition opportunities such as these. Enbridge Inc. has been clear about its plan to utilize its sponsored vehicle such as ENF to execute further drop-downs as a means to fund its large organic growth program, and the Fund is receptive to further drop-down opportunities.

So, allow me now to focus on our existing assets. The Company's assets comprise three main segments, with a geographic footprint that extends from northeastern -- sorry, the northeastern corner of British Columbia to Southern Ontario.

Starting with the green energy segment, appropriately shown on this slide in green, this segment includes wind, solar, and waste heat facilities in Alberta, Saskatchewan, and Ontario, which in 2013 generated about 44% of the Fund's cash available for distribution.

Liquids transportation and storage assets, shown in orange, includes our crude oil gathering and transportation systems in Southeastern Saskatchewan and Manitoba and the contract storage assets in Alberta, which combined generate about 37% of cash available for distribution.

While our natural gas transmission assets, shown in blue, consist of a 50% -- interest in the Canadian portion of the Alliance Natural Gas Pipeline, and this asset generated about 19% of the Fund's cash available for distribution. We like this overall portfolio mix and believe that it will enable us to continue to deliver the high payout of distributable cash that our shareholders have come to expect.

Turning now to highlights of our 2013 financial results, beginning with the cash generation of Enbridge Income Fund. Cash available for distribution increased nearly 35%, from \$196 million in 2012 to \$263 million in 2013. This reflects the first full year contributions from the liquids and green energy assets acquired from Enbridge Inc. in late 2012 as well as the startup of the Bakken Expansion Pipeline in March of 2013.

From an Enbridge Income Fund Holdings perspective, distributions it earned through its ownership interest in the Fund increased just over 50%. This was a result of distribution increases as well as an increase in the number of trust units held as ENF used proceeds from its \$119 million February 2013 equity offering to acquire additional units in the Fund. And ENF shareholders benefited from that distribution increase from the Fund as the Company's dividends per share for 2013 was up almost 8%, at \$1.34 per share.

Today we announced our first quarter results for the Company and for the Fund. We are very pleased with the results as all three business segments performed well in the quarter. Cash available for distribution generated by the fund in the first quarter grew to \$73.5 million, a 4% increase over the prior year.

After accounting for a small amount of tax paid by the Company, net income increased to \$21.7 million. Over the quarter, the Company declared dividends for its shareholders of \$0.34 per share, which reflects the 3% dividend increase announced this past November.



The quarter was slightly ahead of our expectations due to the strong operating performance from our green energy portfolio, which benefited from stronger wind resource and solar irradiance. The first quarter was also positively impacted by a full quarter of cash flows from tolls collected on the Bakken Expansion Pipeline.

The balance of our legacy assets, including the Alliance Pipeline, also performed well and provided increased cash flows year-over-year. Overall, the portfolio of assets continues to provide steady, reliable cash flows to support the Company's dividend.

I'd now like to take a few minutes to provide you with a brief overview of each of the Fund's business segments and the key priorities for each, starting with the green energy segment. Our green portfolio consists of six wind farms comprised of three projects on the Great Lakes in Ontario and three smaller facilities in Western Canada, three solar projects in Southwestern Ontario, and four waste heat recovery facilities -- compression stations along the Alliance Pipeline.

The Fund's combined total green energy capacity is now close to 580 megawatts of environmentally-friendly power, and substantially all of this power is sold under long-term fixed-price contracts, and therefore is not subject to fluctuations in power prices.

This large renewable energy portfolio is impressive, and the Fund is now the largest solar power and the second largest wind power producer in Canada. These assets are a solid source of cash flows, and the 27% increase year-over-year shown on this slide is attributable to the addition of two new solar farms and a 99 megawatt wind farm acquired in 2012, as well as strong resource and high facility availability of the remaining renewable energy assets.

On an annualized basis, this segment is a steady contributor to cash flow given the geographic diversity as well as diversity of resource. Essentially, this portfolio approach in our green energy segment benefits such that the wind is not blowing in one region, the resource is likely blowing in another part of the country and the different region. And as well, the solar facility generally see greater irradiance in the summer months, which is when the wind farms tend to see less wind resource availability.

Our key priorities for this segment are to optimize asset utilization, which means ensuring generation assets are available and producing maximum power when the resource, whether it's wind, sun or waste heat, is available. As with all of our business segments, we continue to focus on the maintenance of our facilities to ensure the safe, reliable delivery of our services. And finally, to complete and place into service mid this year, the fifth waste heat recovery facility on the Alliance Pipeline located in Northwestern Alberta near the town of Whitecourt.

Moving now to our liquids transportation and storage segment, and starting with our pipeline assets in Saskatchewan and Manitoba. Our assets in this region have been a great organic growth story for the Fund over the last five years.

These assets sit right on top of a highly prolific Bakken play, which extends across North Dakota and Eastern Montana and up into Saskatchewan and Manitoba. Production forecasts in this area have increased dramatically given advancements in drilling technology, such as hydraulic fracturing, and efficiencies in drilling practices, including horizontal drilling and multiple wells from a single well pad. And because of these progressive programs, this region is expected to grow from just under a million barrels per day this year to roughly 1.6 million barrels per day by the year 2020.

The five pipeline segments shown on this map and that make up this business segment are well positioned to deliver this growing supply of light sweet crude to the Enbridge mainline at Cromer. The first system is a Saskatchewan gathering system, depicted here in yellow, with a maximum capacity of 255,000 barrels per day and operates under a cost-of-service tolling model which insulates the Fund's cash flows from volume fluctuations.

The second system is the Westspur Pipeline, in red, which has the ability to transport 255,000 barrels per day of crude oil to the Enbridge mainline at Cromer, Manitoba. In 2013, we completed toll negotiation with our shippers on the Westspur system and signed a five-year tolling agreement implementing new tolls on the Westspur system, which the National Energy Board ordered final earlier this year.

Under the toll settlement, tolls are adjusted annually to keep up with inflation, and toll surcharges or discounts will be applied should throughput increase or decrease outside a predefined band, thereby mitigating volume risk to the Westspur system.



All five systems have been performing well; however, Saskatchewan and Westspur systems have seen a modest reduction in volumes over the last half of 2012 and all of 2013. This was due to downstream pipeline constraints which created unusually wide marketplace differential between crude oil prices in land-locked markets and those refining markets with access to tide water and world market prices. These market dynamics have made transportation in crude oil by rail economic and have pulled some volume away from the pipelines.

However, the expectation is that as new pipeline projects are brought into service to relieve bottlenecks and open up access to premium markets for light crude, the economic incentive to ship crude by rail will be eroded, causing volumes to return to the Saskatchewan Gathering and Westspur Pipelines. We have seen evidence of this in recent months. When differentials tightened, throughput on the pipes increased.

Going forward, the key priorities for our crude oil pipeline business include a focus on operational reliability and pipeline integrity with an increase in integrity spending expected this year and next, continued work to tie in new customer connections to bring on incremental production from new fields, and opening up new market access, working with Enbridge Inc. and other companies to open up access to premium markets for light crude in order to allow volume to come back to pipe from rail.

However, if our customers still wish to move some volume to markets that can only be accessed by rail, then the Cromer interconnect with the Tundra rail facility, which is capable of [loading new trains], would provide them with that option, while at the same time pulling volume through our pipelines and enabling the producers to avoid trucking the volume from their pipeline-connected batteries to rail-loading facilities elsewhere in Saskatchewan or even North Dakota. The [\$25 million] interconnection is expected to come into service early in 2015 and will connect our Westspur and Bakken Pipelines at the Cromer, Manitoba [terminus] to [its under-rail] facility.

The second component of our liquids transportation and storage segment is at Hardisty -- is the contract storage assets at Hardisty, Alberta. With 7.5 million barrels of capacity in the Hardisty contract terminal and 3.5 million barrels capacity in the Hardisty storage caverns, this facility is one of the largest and most well positioned crude oil storage facilities in North America. The storage complex is located at the junction of a number of [critical] regional gathering pipelines and export pipelines, as shown on the map at left.

Production from the oil sands in Northern Alberta is projected to grow close to 3 million barrels per day by 2025. Additionally, roughly 1.5 million barrels per day of incremental pipeline capacity into Hardisty will be brought into service between now and 2017. With the production and gathering pipeline growth, we expect that storage at Hardisty will become increasingly valuable and sought after.

With revenue essentially locked in under take-or-pay agreements over the long-term, our focus is to optimize the cost of ongoing operations and pursue opportunities for customer-driven expansion and new connections and integrate those into the assets.

The third segment of our business is the 50% interest in the Canadian portion of the Alliance Pipeline. This asset has been a steady and reliable cash flow contributor for the Fund since its inception in 2003, where it has consistently transported close to 1.6 billion cubic feet per day of natural gas to markets in the US Midwest.

The Alliance Pipeline is a unique system capable of moving high heat content gas. Simply put, the pipeline is able to move natural gas with valuable natural gas liquids such as ethane, butane and propane, still entrained in the gas stream. Effectively, the shippers are able to transport higher energy per unit of volume on the Alliance Pipeline than they can on competing pipelines out of Western Canada.

Once liquids-rich gas -- natural gas is moved to Chicago, the Alliance Pipeline is connected to the Aux Sable extraction and fractionation plant, a state-of-the-art facility where the liquids are removed from the gas stream and can then be separated and sold into premium markets for NGLs in the US. Once the NGLs are removed, the remaining dry gas is shipped to local distribution companies or other pipelines in the Midwest.

At present, 1.325 Bcf per day in the pipelines, 1.6 Bcf per day of capacity is locked down with firm commitments until December of 2015, with the remaining capacity available for firm shippers for only the cost of incremental fuel. This over-run capacity represents potential incremental revenue that can be captured when the system is re-contracted post 2015.



As you can see on this slide, Alliance is very well positioned on top of the growing Montney, Duvernay and Bakken producing regions. Not only are the Montney and Duvernay producing areas projected to experience an increase in production of more than 4 Bcf per day by the end of the decade, but production in these plays is rich in natural gas liquids, which positions Alliance extremely well as a desirable option for producers to maximize the value of their production.

The management team at Alliance is working very closely with the shipper community to re-contract the pipeline when capacity becomes available after 2015, and we are very encouraged by the results and level of interest for [live] transportation post-expiry of the current contracts. In addition to re-contracting, Alliance is focused on further optimizing its operations to improve efficiency and accommodate growing volumes of high-energy natural gas and connecting new rich gas to the system to allow us to fill the pipeline.

We believe that the forecasted robust supply accessible to the Alliance system, combined with its unique ability to cost-effectively transport liquids-rich gas to premium markets, should ensure that it remains highly competitive with other export pipelines and will continue to be a strong source of distributable cash flow for the Fund.

With this growing portfolio of low-risk assets, management has grown the distribution in dividends to our shareholders at a compound average annual rate of about 5%, and we have increased our payout in nine out of the last 10 years.

Given the strength and diversity of this asset -- of our assets, as well as their optimal geographic positioning within the growing supply basins, we believe that we are well positioned to continue delivering on our value proposition, which is to deliver a high payout with highly predictable cash flows from low-risk infrastructure businesses.

To capture both and continue to deliver predictable returns to our investors, our management team will focus on optimizing operations and the value of our existing assets to ensure they continue to be cost-competitive in the long run while at all times being prudent regarding ensuring the integrity of our assets and the safety of our operations.

We will look to acquire complementary infrastructure that fits well with our low-risk business model, and this includes further asset drop-downs from our parent, Enbridge Inc. We will work to gain leverage and extract value from the good fortune that we have with assets that sit on top of supply basins that are experiencing unprecedented growth.

We will continue to grow organically through expansion and extension of our existing infrastructure, and we will do this while continuing to adhere to our prudent financial policies and practices in order to maintain a low-risk value proposition for our investors.

In summary, I believe the Fund is positioned for a bright future. Allow me to elaborate why. First, we have established a diverse, stable, and low-risk portfolio of assets with steady cash flow generating capability.

Second, we are fortunate to have assets in regions where the long-term supply and demand fundamentals are strong, and our assets are uniquely positioned to capitalize on that strength.

Third, we have established a strong capital markets presence, which positions us well to fund new growth as opportunities arise. And finally, we continue to benefit from the ownership and strategic relationship we have with our sponsor, Enbridge Inc., one of the leading developers and operations of energy infrastructure in North America.

Thank you so much for your attendance at today's meeting and for your ongoing support of Enbridge Income Holdings. Thank you.



QUESTIONS AND ANSWERS

Gordon Tallman - *Enbridge Income Fund Holdings Inc. - Chairman*

Thank you, Perry. I will now open the meeting with the general question period. To ensure that everyone in attendance and listening to the webcast can hear the questions, please use the microphone, which has been placed in the aisle for this purpose, and state your name and status as a shareholder or proxy holder prior to proceeding with your question. Are there any questions? I guess you're getting off easy, Perry, your first year.

As there are no questions, the general question period is concluded. We hope you'll join your Directors and management for light refreshments that are set up at the back of the meeting room. Thank you very much.

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