

ENBRIDGE INCOME FUND HOLDINGS INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015

This Management's Discussion and Analysis (MD&A) dated July 27, 2015 should be read in conjunction with the unaudited interim financial statements and notes thereto of Enbridge Income Fund Holdings Inc. (ENF or the Company) as at and for the three and six months ended June 30, 2015 which are prepared in accordance with International Financial Reporting Standards (IFRS). It should also be read in conjunction with the Company's audited financial statements and notes thereto and MD&A for the year ended December 31, 2014. 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

The Company 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 June 30, 2015, the Company held 88.1 percent (2014 – 85.6 percent) of the issued and outstanding common trust units of the Fund, representing a 42.0 percent (2014 – 40.8 percent) 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 transportation, storage and generation of energy through its liquids transportation and storage business (Liquids Transportation and Storage), its 50 percent interest in the Alliance Pipeline (Natural Gas Transmission) and its interests in 592 (530 net) megawatts (MW) of renewable and alternative power generation capacity (Green Power).

Financial Performance

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|---------|------------------------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| <i>(thousands of Canadian dollars, except per share amounts)</i> | | | | |
| Distribution and other income | 33,615 | 23,176 | 67,184 | 46,349 |
| Earnings | 30,642 | 21,695 | 61,470 | 43,350 |
| Earnings per common share, basic and diluted | \$0.43 | \$0.38 | \$0.87 | \$0.77 |
| Cash flows from operating activities | 31,987 | 21,930 | 62,500 | 40,136 |
| Dividends declared | 27,121 | 19,421 | 54,241 | 38,843 |
| Dividends per common share | \$0.386 | \$0.344 | \$0.772 | \$0.688 |
| Number of common shares outstanding ¹ | | | 70,351,000 | 56,491,000 |

¹ As at June 30, 2015 and 2014.

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

Proceeds from equity offerings by the Company in the fourth quarter of 2014 were used to subscribe for an additional 13,860,000 trust units of the Fund, increasing its overall ownership of Fund trust units to 88.1 percent. The Fund used the proceeds and other funds to acquire a 50 percent interest in the U.S. segment of Alliance Pipeline (Alliance US) and to subscribe for and purchase Class A units of Enbridge subsidiaries which provide a defined cash flow stream from the Southern Lights Pipeline (Southern Lights Class A Units), collectively, the 2014 Transaction. The contribution of incremental cash flows from the 2014 Transaction enabled the Fund to increase its distribution rate to \$0.157 per unit per month (a 16.3 percent increase) effective with the November 2014 distribution. As a result of the Fund's increased distribution rate and the Company's increased ownership interest in the Fund, the Company realized additional earnings during the three and six month periods ended June 30, 2015 compared with the same periods of 2014.

The Company incurs income taxes on distributions received from the Fund, the level of which will vary depending on the taxability of such distributions in any given year. To the extent a portion of the distribution represents a tax-free inter-corporate dividend or return of capital, cash tax will not be incurred on that portion of the distribution. The Company recorded higher current income tax expense for the three and six month periods ended June 30, 2015 compared to the same periods of 2014 as a larger portion of distributions received from the Fund are expected to be taxable in 2015. This estimate excludes potential effects on taxability should the transaction with Enbridge close. Please refer to *Enbridge Income Fund Recent Developments*.

The Company's objective is to pay out a high proportion of available cash in the form of dividends to shareholders. The Company declared and paid dividends totaling \$27.1 million during the quarter ended June 30, 2015, a rate equivalent to \$0.129 per common share per month representing a payout ratio of 88.5 percent in 2015, compared to a payout ratio of 89.5 percent for the comparable period of 2014. Similarly, the Company's payout ratio was 88.2 percent for the six months ended June 30, 2015, a decrease from 89.6 percent in the same period in 2014. Retained cash is expected to be used for future income tax payments and as a reserve to sustain dividends over the long term.

Enbridge Income Fund Financial Performance

A summary of the Fund's financial information, derived from its unaudited consolidated financial statements prepared in accordance with United States Generally Accepted Accounting Principles (U.S. GAAP), for the three and six months ended June 30, 2015 and 2014 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.

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|----------|------------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| <i>(thousands of Canadian dollars)</i> | | | | |
| Cash available for distribution, Enbridge Income Fund ¹ | | | | |
| Liquids Transportation and Storage | 59,603 | 40,050 | 119,706 | 76,160 |
| Natural Gas Transmission | 34,821 | 19,266 | 65,403 | 38,729 |
| Green Power | 39,665 | 41,223 | 85,467 | 87,881 |
| Corporate | (41,563) | (24,706) | (82,996) | (52,984) |
| Cash available for distribution, Enbridge Income Fund Enbridge Commercial Trust (ECT) preferred unit distributions | 92,526 | 75,833 | 187,580 | 149,786 |
| Cash retained | (41,403) | (29,403) | (82,807) | (58,806) |
| Cash retained | (13,409) | (19,654) | (29,345) | (37,428) |
| Cash distributions declared to holders of Fund Units | 37,714 | 26,776 | 75,428 | 53,552 |
| Percentage of units held by ENF | 88.1% | 85.6% | 88.1% | 85.6% |
| Distribution income, ENF | 33,226 | 22,921 | 66,452 | 45,842 |
| Interest income and other | 389 | 255 | 732 | 507 |
| Income tax | (2,973) | (1,481) | (5,714) | (2,999) |
| Earnings, ENF | 30,642 | 21,695 | 61,470 | 43,350 |

¹ Cash available for distribution is a non-GAAP measure that does not have any standardized meaning prescribed by U.S. GAAP. See definition within "Non-GAAP Measures" section.

The Fund's cash available for distribution (CAFD) totaled \$92.5 million and \$187.6 million for the three and six months ended June 30, 2015, respectively, representing increases of 22.0 percent and 25.2 percent for the same periods of the comparable year. These increases resulted from the closing of the 2014 Transaction given the defined cash flow stream from the Fund's investment in Southern Lights Class A Units and the Fund's distributions received from its investee, Alliance US.

FORWARD-LOOKING INFORMATION

Forward-looking information, or forward-looking statements, have been included in this MD&A to provide 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. 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. Forward-looking statements or statements included or incorporated by reference in this document include, but are not limited to, statements with respect to the following: expected earnings/(loss) or adjusted earnings/(loss); expected earnings/(loss) per share; expected CAFD; expected future cash flows; expected capital expenditures; estimated future dividends or distributions; expectations regarding, and anticipated impact and timing of, the 2015 Transaction; dividend payout policy and dividend payout expectation; satisfaction of closing conditions and the obtaining of consents and approvals required to complete the 2015 Transaction.

Although the Company believes these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Material assumptions include assumptions about the following: the expected supply and demand for crude oil, natural gas, natural gas liquids and renewable energy; prices of crude oil, natural gas, natural gas liquids and renewable energy; expected exchange rates; inflation; interest rates; availability and price of labour and pipeline construction materials; operational reliability; customer and regulatory approvals; maintenance of support and regulatory approvals for the Fund's projects; anticipated in-service dates; weather; expected timing and terms of the 2015 Transaction; anticipated completion of the 2015 Transaction and satisfaction of all closing conditions and receipt of regulatory, shareholder and third party consents and approvals with respect to the 2015 Transaction; the impact of the 2015 Transaction on the Company's or the Fund's future cash flows and capital project funding; impact of the 2015 Transaction on the Company's or the Fund's credit rating; expected earnings/(loss) or adjusted earnings/(loss); expected earnings/(loss) per share; expected future cash flows and expected future Fund CAFD; and estimated future dividends or distributions. Assumptions regarding the expected supply of and demand for crude oil, natural gas, natural gas liquids and renewable energy, and the prices of these commodities, are material to and underlie all forward-looking statements. These factors are relevant to all forward-looking statements as they may impact current and future levels of demand for the Fund's services. Similarly, exchange rates, inflation and interest rates impact the economies and business environments in which the Company and the Fund operate and may impact level of demand for the Fund's services and cost of inputs, and are therefore inherent in all forward-looking statements. Due to the interdependencies and correlation of these macroeconomic factors, the impact of any one assumption on a forward-looking statement cannot be determined with certainty, particularly with respect to expected earnings/(loss), adjusted earnings/(loss), CAFD and applicable per share amounts, the impact of the 2015 Transaction or estimated future dividends or distributions. The most relevant assumptions associated with forward-looking statements and projects under construction, including estimated completion dates and expected capital expenditures include the following: availability and price of labour and pipeline construction materials; the effects of inflation and foreign exchange rates on labour and material costs; the effects of interest rates on borrowing costs; the impacts of weather; and customer and regulatory approvals on construction and in-service schedules.

The Company's and the Fund's forward-looking statements are subject to risks and uncertainties pertaining to the 2015 Transaction, operating performance, regulatory parameters, project approval and support, weather, economic and competitive conditions, changes in tax law and tax rate increases, exchange rates, interest rates, commodity prices and supply of and demand for commodities, including but not limited to those risks and uncertainties discussed in this MD&A and in the Company's and the Fund's other filings with Canadian securities regulators. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these are interdependent and the Company's or the Fund's future course of action depends on management's assessment of all information available at the relevant time. Except to the extent required by applicable law, the Company and the Fund 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 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 pertaining to items of an unusual or transient nature which are not indicative of the underlying or sustainable cash flows of the business. Such reserves are determined by Enbridge Management Services Inc. (the Manager). CAFD is important to unitholders as the Fund's objective is to provide a predictable flow of distributions to unitholders. Management believes the presentation of adjusted earnings and CAFD provides useful information to investors and unitholders as it provides increased transparency and predictive value. Management uses adjusted earnings and CAFD to set targets, including the Fund's distribution payout target, and to assess the performance of the Company. CAFD is not a measure that has standardized meaning prescribed by U.S. GAAP and is not considered a U.S. GAAP measure. Therefore, this measure may not be comparable with similar measures presented by other issuers.

ENBRIDGE INCOME FUND RECENT DEVELOPMENTS

Canadian Liquids Pipelines and Renewable Assets Transaction

On June 19, 2015, the Company and the Fund announced they had entered into an agreement with Enbridge to transfer Enbridge's Canadian Liquids Pipelines business and Canadian renewable energy assets to the Fund for consideration payable at closing valued at \$30.4 billion plus incentive distribution and performance rights (the 2015 Transaction). The joint special committee of independent directors, following the engagement of independent financial, technical and legal advisors, and an extensive review of the transaction, recommended the approval of the 2015 Transaction to the Boards of Enbridge Commercial Trust (ECT) and the Company. The Board of the Company has, in turn, recommended to the public shareholders of the Company that the 2015 Transaction be approved. The 2015 Transaction is subject to customary regulatory approvals and closing conditions, as well as a vote of the public shareholders of the Company, which is expected to occur on August 20, 2015.

Consideration

The consideration that Enbridge will receive upon closing will be \$18.7 billion of units in the Fund structure, comprised of \$3 billion of Fund units and \$15.7 billion of equity units of Enbridge Income Partners L.P. (EIPLP), currently an indirect subsidiary of the Fund. The Fund will also assume debt with a book value of approximately \$11.7 billion related to the transferred assets. In addition, a portion of the consideration is expected to be paid to Enbridge over time in the form of units which carry Temporary Performance Distribution Rights (TPDR). The TPDR are designed to provide consideration for the secured growth embedded within the transferred businesses; however, the cash outflows related to this incentive mechanism will be deferred (until such time as the units are convertible to a class of cash paying units in the fourth year after issuance).

Enbridge will continue to earn from the Fund a base incentive fee through Management Fees and Incentive Distribution Rights which entitle it to receive 25 percent of the pre-incentive distributable cash flow above a base distribution threshold of \$1.295 per unit, reduced by a tax factor (unchanged from the current incentive sharing formula). In addition, Enbridge will receive the TPDR, a distribution equivalent to 33 percent of pre-incentive distributable cash flow above the base distribution of \$1.295 per unit. The TPDR will be paid in the form of Class D units of EIPLP and will be issued each month until the later of the end of 2020 or 12 months after the Canadian Line 3 Replacement Program enters service. The Class D unitholders will receive a distribution each month equal to the per unit amount paid on Class C units of EIPLP, but to be paid in kind in additional Class D units. Each Class D unit is convertible into a cash paying Class C unit of EIPLP in the fourth year after its issuance.

The Fund units and equity units of EIPLP (excluding Class D units) will pay a per unit cash distribution equivalent to the per unit cash distribution that the Fund pays on its units held by the Company. The Fund units, EIPLP equity units and existing units of ECT will also include an exchange right whereby they may be converted into common shares of the Company on a one-for-one basis.

The 2015 Transaction, as described above, differs in some respects from the expected terms originally announced December 2014.

Financing Plan

To acquire an increasing ownership interest in the Fund, the financing plan contemplates the issuance by the Company of \$600 million to \$800 million of public equity per year in one or more tranches through 2018 to fund an increasing investment in the Canadian Liquids Pipelines business. Enbridge has agreed to backstop the equity funding required by the Company to undertake the growth program embedded in the assets the Fund will acquire in the 2015 Transaction. The amount of public equity issued by the Company will be adjusted as necessary to match its capacity to raise equity funding on favourable terms.

Development Opportunities

The Canadian Liquids Pipelines business is expected to have future organic growth opportunities beyond the current inventory of secured projects. The Fund will have a first right to execute any such projects that fall within the footprint of the Canadian Liquids Pipelines business. Should the Fund choose not to proceed with a specific growth opportunity, Enbridge may pursue such opportunity.

Ownership

Upon closing of the 2015 Transaction, Enbridge's overall economic interest in the Fund, including all of its direct and indirect interests in the Fund group structure, is expected to be approximately 90 percent. As the Company executes its expected financing plan and increases its ownership in the Fund over time, Enbridge's economic interest is expected to decline to approximately 80 percent by the end of 2018.

Fund Governance

Enbridge will continue to act as the manager of the Fund and operator and commercial developer of the Canadian Liquids Pipelines business. This will ensure continuity of management and operational expertise, with an ongoing commitment to the safe and reliable operation of the system. As a result of its significant ownership interest, Enbridge will have the right to appoint a majority of the Trustees of the Board of ECT for as long as Enbridge holds a majority economic interest in the Fund group structure. A standing conflicts committee will be established to review certain material transactions and arrangements where the interests of Enbridge, or its affiliates, and the relevant entity in the Fund group, or its affiliates, come into conflict.

Closing Conditions and Timeline

The 2015 Transaction is subject to receipt of regulatory and third party approvals and approval by the Company's public shareholders (which is expected to occur on August 20, 2015) with the closing expected to follow shortly thereafter. Required approvals include Toronto Stock Exchange, Competition Bureau and Transport Canada.

Alliance Pipeline Recontracting

During 2013, Alliance Pipeline announced a New Services Framework and the related tolls and tariff provisions required to implement the new services (collectively, New Services Framework) in which customers could express interest through a precedent agreement process. On June 30, 2015 and July 9, 2015, Alliance Pipeline received regulatory approval from the Federal Energy Regulatory Commission (FERC) and the National Energy Board (NEB), for the U.S. and Canadian segments of the pipeline, respectively, of its New Services Framework. Shipments under the New Services Framework will begin in Canada in December 2015 and are expected to commence at the same time in the U.S., however certain U.S. customers are continuing to appeal the New Service Framework as proposed. Long-term contracts to a level of total targeted capacity have been secured through staged and non-staged receipt or full path services with an average contract length of approximately five years.

Pursuant to the New Services Framework, Alliance Pipeline will retain exposure to potential variability in certain future costs and throughput volumes. As such, the majority of Alliance Pipeline's operations no longer meet all of the criteria required for the continued application of rate regulated accounting treatment and de-recognition of regulatory balances as at June 30, 2015 was required. As a result, the Fund's equity pick-up of Alliance Pipeline, recorded in the Natural Gas Transmission segment, included a one-time, non-cash gain of \$5.3 million (net of \$3.0 million of taxes which were recorded in the Corporate segment) due to the de-recognition of regulatory liabilities within Alliance Pipeline. Further, the Fund recorded a one-time, non-cash loss of \$15.6 million within the Corporate segment related to a regulatory asset the Fund recorded in respect of Alliance Canada deferred tax.

Disposition of Certain Virden System Assets

On May 1, 2015, the Fund finalized the sale of certain Virden crude oil pipeline system assets to an unrelated party for proceeds of \$26.0 million before closing costs. The gain on disposition was \$21.9 million, before tax of \$3.0 million.

Cromer Rail Interconnection Project

On January 29, 2014, the Fund announced plans to construct a pipeline interconnection to connect the Westspur System and Bakken Expansion to a crude oil terminal near Cromer, Manitoba. The Bakken Expansion portion of the project completed first line fill on March 31, 2015 and was placed into service on April 1, 2015. The Westspur System component of the project is pending NEB approval and is expected to be in-service during the third quarter of 2015. The project is estimated to cost approximately \$30 million and is fully backstopped by the operator of the crude oil rail terminal pursuant to a five-year Financial Support Agreement. The Fund has an option to acquire 50 percent of the rail terminal which is capable of handling 30,000 barrels per day and may be expanded to 60,000 barrels per day.

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. Retained cash is expected to be used for future income tax payments and as a reserve to sustain a predictable stream of dividends to its shareholders over the long term. Cash not required to fund dividends or to meet working capital requirements is advanced to subsidiary corporations of the Fund pursuant to a demand loan with interest at 4.25 percent annually. At June 30, 2015, \$39.0 million (December 31, 2014 – \$30.6 million) was outstanding to the Company.

The Company's working capital requirements are not expected to be significant in 2015. The Company has an agreement with ECT whereby ECT reimburses the Company for certain corporate costs.

The Company did not have any outstanding long-term debt as at June 30, 2015 or December 31, 2014.

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

Operating Activities

Cash flows from operating activities totaled \$32.0 million and \$62.5 million for the three and six months ended June 30, 2015, respectively (2014 – \$21.9 million and \$40.1 million, respectively). 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 monthly distributions of \$0.157 per unit (2014 - \$0.135 per unit) for each of the months during the first half of 2015, representing, in aggregate for the three and six months ended June 30, 2015, distributions of \$33.2 million and \$66.5 million, respectively (2014 – \$22.9 million and \$45.8 million, respectively).

Financing Activities

The Company declared dividends of \$0.386 per share and \$0.772 per share during the three and six months ended June 30, 2015, or \$27.1 million and \$54.2 million in aggregate for the same periods, respectively, compared to \$0.344 per share and \$0.688 or \$19.4 million and \$38.8 million, in aggregate, for the same periods of 2014.

Investing Activities

Included in investing activities are advances to and repayments from a subsidiary corporation of the Fund pursuant to a demand loan. These activities are considered related party transactions.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

| | 2015 | | 2014 | | | 2013 | | |
|--|---------------|--------|--------|--------|--------|--------|--------|--------|
| | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 | Q3 |
| <i>(thousands of Canadian dollars, except per share amounts)</i> | | | | | | | | |
| Revenues | 33,615 | 33,569 | 30,125 | 23,209 | 23,176 | 23,173 | 23,102 | 22,924 |
| Earnings | 30,642 | 30,828 | 28,498 | 21,708 | 21,695 | 21,655 | 22,139 | 21,507 |
| Earnings per common share, basic and diluted | 0.43 | 0.44 | 0.44 | 0.38 | 0.38 | 0.38 | 0.39 | 0.38 |
| Dividends declared, per common share | 0.386 | 0.386 | 0.372 | 0.344 | 0.344 | 0.344 | 0.340 | 0.334 |

- The Company increased its dividend per common share by 12.1 percent to \$0.129 per month effective with the November 2014 dividend.
- The Company subscribed for 13,860,000 trust units of the Fund in November 2014 in connection with the 2014 Transaction, which increased the total trust units of the Fund owned by the Company from 56,491,000 to 70,351,000. 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.
- The Company increased its dividend per common share by 3.0 percent to \$0.115 per month effective with the November 2013 dividend.

OUTSTANDING SHARE DATA

As at July 27, 2015, 70,351,000 common shares and 1 special voting share of the Company were issued and outstanding.

ENBRIDGE INCOME FUND HOLDINGS INC.

FINANCIAL STATEMENTS
(Unaudited)

June 30, 2015

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

| | Three months ended June 30, | | Six months ended June 30, | |
|--|--------------------------------|---------|------------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| <i>(unaudited; thousands of Canadian dollars, except per share amounts)</i> | | | | |
| Distribution and other income | 33,615 | 23,176 | 67,184 | 46,349 |
| Income tax <i>(Note 5)</i> | (2,973) | (1,481) | (5,714) | (2,999) |
| Earnings | 30,642 | 21,695 | 61,470 | 43,350 |
| Items that may be reclassified to earnings | | | | |
| Other comprehensive income/(loss) | | | | |
| Unrealized fair value change in available-for-sale investment <i>(Note 3)</i> | (198,390) | 77,958 | (417,181) | 236,697 |
| Income tax recovery/(expense) <i>(Note 5)</i> | 16,243 | (9,745) | 43,592 | (29,587) |
| | (182,147) | 68,213 | (373,589) | 207,110 |
| Comprehensive income/(loss) | (151,505) | 89,908 | (312,119) | 250,460 |
| Basic and diluted earnings per common share <i>(Note 4)</i> | 0.43 | 0.38 | 0.87 | 0.77 |

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

| Six months ended June 30, <i>(unaudited; thousands of Canadian dollars)</i> | 2015 | 2014 |
|--|-----------|-----------|
| Share capital | | |
| Common shares | 1,342,534 | 921,883 |
| Special voting share | - | - |
| Share premium | 192,458 | 192,458 |
| Retained earnings | | |
| Balance at beginning of period | 30,333 | 20,868 |
| Earnings | 61,470 | 43,350 |
| Common share dividends declared <i>(Note 4)</i> | (54,241) | (38,843) |
| Balance at end of period | 37,562 | 25,375 |
| Accumulated other comprehensive income | | |
| Balance at beginning of period | 1,113,617 | 175,189 |
| Other comprehensive income/(loss) | (373,589) | 207,110 |
| Balance at end of period | 740,028 | 382,299 |
| Total shareholders' equity | 2,312,582 | 1,522,015 |

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

STATEMENTS OF CASH FLOWS

| | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|----------|------------------------------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| <i>(unaudited; thousands of Canadian dollars)</i> | | | | |
| Operating activities | | | | |
| Earnings | 30,642 | 21,695 | 61,470 | 43,350 |
| Deferred income taxes | 10 | 4 | 19 | 21 |
| Changes in operating assets and liabilities | | | | |
| Accounts receivable and other | (47) | 312 | (13) | 83 |
| Accounts payable and accrued liabilities | (13) | (217) | (299) | (66) |
| Income taxes payable | 1,395 | 136 | 1,323 | (3,252) |
| | 31,987 | 21,930 | 62,500 | 40,136 |
| Financing activities | | | | |
| Common share dividends paid <i>(Note 4)</i> | (27,121) | (19,421) | (54,241) | (38,843) |
| | (27,121) | (19,421) | (54,241) | (38,843) |
| Investing activities | | | | |
| Demand loan advances to investee | (6,000) | (2,800) | (11,750) | (8,350) |
| Demand loan repayments from investee | 900 | 350 | 3,400 | 7,025 |
| | (5,100) | (2,450) | (8,350) | (1,325) |
| Change in cash and cash equivalents | (234) | 59 | (91) | (32) |
| Cash and cash equivalents at beginning of period | 350 | 179 | 207 | 270 |
| Cash and cash equivalents at end of period | 116 | 238 | 116 | 238 |
| Supplementary cash flow information | | | | |
| Income taxes paid | 1,569 | 1,340 | 4,373 | 6,230 |

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

STATEMENTS OF FINANCIAL POSITION

| | June 30, 2015 | December 31, 2014 |
|---|------------------|----------------------|
| <i>(unaudited; thousands of Canadian dollars)</i> | | |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 116 | 207 |
| Accounts receivable and other | 168 | 155 |
| Demand loan due from investee | 38,975 | 30,625 |
| Distributions receivable <i>(Note 3)</i> | 11,075 | 11,075 |
| | 50,334 | 42,062 |
| Investment in Enbridge Income Fund <i>(Notes 3 and 6)</i> | 2,390,526 | 2,807,707 |
| | 2,440,860 | 2,849,769 |
| Liabilities and shareholders' equity | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | - | 299 |
| Income taxes payable | 2,863 | 1,540 |
| Dividends payable <i>(Note 4)</i> | 9,040 | 9,040 |
| | 11,903 | 10,879 |
| Deferred income taxes | 116,375 | 159,948 |
| | 128,278 | 170,827 |
| Shareholders' equity | | |
| Share capital | 1,342,534 | 1,342,534 |
| Share premium | 192,458 | 192,458 |
| Retained earnings | 37,562 | 30,333 |
| Accumulated other comprehensive income | 740,028 | 1,113,617 |
| | 2,312,582 | 2,678,942 |
| | 2,440,860 | 2,849,769 |

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

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

1. GENERAL BUSINESS DESCRIPTION

Enbridge Income Fund Holdings Inc. (the Company) is a publicly traded corporation, incorporated on March 26, 2010 under the laws of the Province of Alberta. The Company's common shares commenced trading on the Toronto Stock Exchange 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 the Company is limited to its investment in the Fund. The Fund is involved in the generation, transportation and storage of energy through its liquids transportation and storage facilities, its 50 percent interest in the Alliance Pipeline and its green power generation facilities.

2. BASIS OF PREPARATION

These unaudited interim condensed financial statements have been prepared using the same accounting policies as those used in the Company's annual financial statements for the year ended December 31, 2014 prepared in accordance with International Financial Reporting Standards (IFRS). These interim financial statements comply with International Accounting Standards (IAS) 34, Interim Financial Reporting and accordingly do not include all disclosures required for annual financial statements, and should therefore be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2014.

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

These financial statements were authorized for issuance by the Board of Directors of the Company on July 27, 2015.

3. INVESTMENT IN ENBRIDGE INCOME FUND

At June 30, 2015 the Company owned 70,351,000 (December 31, 2014 – 70,351,000), or 88.1 percent (December 31, 2014 – 88.1 percent), of the Fund's issued and outstanding trust units.

| | Six months ended June 30, 2015 | Year ended December 31, 2014 |
|---|-----------------------------------|---------------------------------|
| <i>(unaudited; thousands of Canadian dollars)</i> | | |
| Balance at beginning of period | 2,807,707 | 1,314,545 |
| Investment acquired | - | 420,651 |
| Fair value change for the period | (417,181) | 1,072,511 |
| Balance at end of period | 2,390,526 | 2,807,707 |

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), was as follows:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|--------------------------------|---------|------------------------------|---------|
| | 2015 | 2014 | 2015 | 2014 |
| <i>(unaudited; thousands of Canadian dollars)</i> | | | | |
| Revenues | 112,273 | 107,398 | 225,433 | 215,281 |
| Earnings ¹ | 34,333 | 40,673 | 103,888 | 88,506 |

¹ Earnings for the 2014 period have been retrospectively adjusted to furnish comparative information related to the Fund's acquisition of a 50 percent equity interest in the U.S. portion of the Alliance Pipeline (Alliance US) from wholly-owned subsidiaries of Enbridge in November 2014.

| | June 30, 2015 | December 31, 2014 |
|---|---------------|-------------------|
| <i>(unaudited; thousands of Canadian dollars)</i> | | |
| Total assets | 4,115,363 | 4,081,410 |
| Total liabilities | 3,245,157 | 3,179,855 |

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 were as follows:

Rate Regulation

The operations of certain of the Fund's Liquids Transportation and Storage businesses and its Natural Gas Transmission segment 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 June 30, 2015, the Fund's Liquids Transportation and Storage businesses subject to rate regulation had a net regulatory asset presented in accordance with U.S. GAAP of \$11.9 million (December 31, 2014 – \$27.6 million) including an equity component of AFUDC. The earnings impact of rate regulation within these businesses was an approximate after tax decrease of \$5.8 million for the three months ended June 30, 2015 (2014 – \$1.7 million increase) and an approximate after tax decrease of \$11.4 million for the six months ended June 30, 2015 (2014 – \$0.2 million decrease).

Effective June 30, 2015, the majority of the Fund's Natural Gas Transmission segment operations discontinued the application of rate regulated accounting. As a result, earnings in this segment included a one-time, non-cash gain of \$5.3 million (net of \$3.0 million of taxes which were recorded in the Corporate segment) due to the de-recognition of regulatory liabilities. Further, the Fund recorded a one-time, non-cash loss of \$15.6 million within the Corporate segment related to a regulatory asset the Fund recorded in respect of deferred tax.

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 of 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 Fund's preferred and trust units are presented as mezzanine equity on the Consolidated Statements of Financial Position between long-term liabilities and unitholders' deficit. The Fund's preferred and trust units are recorded at their maximum redemption value with changes in estimated redemption value reflected as a charge or credit to deficit.

Under IFRS, the Fund's 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 of \$0.15743 (2014 – \$0.13525) per unit per month during the six month period ended June 30, 2015.

4. SHARE CAPITAL AND SHARE PREMIUM

Dividends

The Company declared and paid monthly dividends of \$0.1285 (2014 – \$0.1146) per share during the six month period ended June 30, 2015.

On July 15, 2015, the Company declared a monthly dividend of \$0.1285 per share to be paid on August 17, 2015 to shareholders of record on July 31, 2015. On July 27, 2015, the Company declared a monthly dividend of \$0.1285 per share to be paid on September 15, 2015 to shareholders of record on August 31, 2015.

Earnings per common share

Weighted average shares outstanding used to calculate both basic and diluted earnings per share were 70,351,000 (2014 – 56,491,000) for the three and six month periods ended June 30, 2015.

5. INCOME TAXES

Income tax expense included in earnings for the three months ended June 30, 2015 comprised current income tax expense of \$3.0 million (2014 – \$1.5 million). Income tax expense included in earnings for the six months ended June 30, 2015 comprised current income tax expense of \$5.7 million (2014 – \$3.0 million). Income tax expense on distribution income is accrued in interim periods based on the estimated annual taxability and return of capital component of the distribution.

Other comprehensive income included a deferred income tax recovery of \$16.2 million (2014 – \$9.7 million expense) for the three months ended June 30, 2015 and \$43.6 million (2014 – \$29.6 million expense) for the six months ended June 30, 2015, related to the change in the difference between the accounting and tax bases of the investment in the Fund.

6. 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 June 30, 2015 or December 31, 2014.

Level 2

Level 2 includes financial instrument valuations determined using directly or indirectly observable inputs other than quoted prices included within Level 1. The fair value measurement of the investment in the Fund is classified as Level 2, as the valuation technique references the quoted market price of the Company's common shares, and adjusts for assets and liabilities not applicable to the Fund. At June 30, 2015, the Company's investment in the Fund had a fair value of \$2.4 billion (December 31, 2014 – \$2.8 billion).

Level 3

Level 3 includes financial instrument valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the financial instruments' fair value. Generally, Level 3 financial instruments are longer dated transactions, occur in less active markets, occur at locations where pricing information is not available or have no binding broker quote to support Level 2 classification. The Company did not have any financial instruments categorized as Level 3 as at June 30, 2015 or December 31, 2014.

The Company's policy is to recognize transfers as of the last day of the reporting period. There were no transfers between levels as at June 30, 2015 and December 31, 2014.