ENBRIDGE INCOME PARTNERS LP

MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2016

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

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

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

All financial measures presented in this MD&A are expressed in Canadian dollars, unless otherwise indicated. EIPLP supplements the Fund's financial statements and MD&A and additional information related to EIPLP is available under the Fund's profile on SEDAR at www.sedar.com.

THE 2015 TRANSACTION

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

The 2015 Transaction was accounted for as a transaction among entities under common control, similar to a pooling of interests, whereby the assets and liabilities acquired were recorded at Enbridge's historic carrying values. Financial information for periods prior to September 1, 2015 have been retrospectively adjusted to present the results of operations for EIPLP and its interests in the Purchased Entities on a combined basis.

CONSOLIDATED EARNINGS

	Three months ended March 31,	
	2016	2015[1]
(millions of Canadian dollars)		
Liquids Pipelines	**1,037**	(571)
Gas Pipelines	**61**	28
Green Power	**39**	46
Eliminations and Other	**(40)**	79
Earnings/(loss) before interest and income taxes	**1,097**	(418)
Interest expense	**(96)**	(67)
Income taxes recovery/(expense)	**(221)**	184
Special interest rights distributions - TPDR[2]	**(64)**	-
Special interest rights distributions - IDR[3]	**(11)**	-
Earnings/(loss) attributable to general and limited partners	**705**	(301)

[1] *Earnings/(loss) attributable to general and limited partners for the three months ended March 31, 2015 have been retrospectively adjusted to furnish comparative information related to the 2015 Transaction as prescribed by U.S. GAAP for common control transactions.*

[2] *Temporary Performance Distribution Right (TPDR) distributes Class D units and refers to the paid-in-kind component of the Special Interest Rights (SIR) distribution (see* Liquidity and Capital Resources – Distributions*).*

[3] *Incentive Distribution Right (IDR) refers to the cash component of the SIR distribution (see* Liquidity and Capital Resources – Distributions*).*

Earnings before interest and income taxes (EBIT) was $1,097 million for the three months ended March 31, 2016 compared with a loss of $418 million for the three months ended March 31, 2015. Earnings attributable to the general and limited partners of EIPLP was $705 million for the three months ended March 31, 2016 compared with a loss of $301 million for the three months ended March 31, 2015. The comparability of EIPLP's results was impacted by a number of unusual, non-recurring or non-operating factors, the most significant of which are changes in unrealized derivative fair value gains and losses. EIPLP has a comprehensive long-term economic hedging program to mitigate interest rate, foreign exchange and commodity price risks that create volatility in short-term earnings. Over the long term, EIPLP believes its hedging program supports reliable cash flows.

The majority of EIPLP's unrealized derivative fair value gains and losses are within its Liquids Pipelines segment, specifically within the Canadian Mainline, which was acquired as part of the 2015 Transaction. Financial derivative instruments are used to hedge exposure to fluctuations in foreign exchange rates, power costs and the price of allowance oil which are inherent in the Competitive Toll Settlement (CTS) which drives Canadian Mainline revenue. For the three months ended March 31, 2016 and 2015, Canadian Mainline recognized net unrealized derivative gains of $568 million and losses of $830 million, respectively.

Excluding the impact of the changes in unrealized gains and losses on derivative instruments, growth in EBIT was largely driven by stronger contributions from the Liquids Pipelines segment which benefitted from a number of new assets that were placed into service in 2015, the most prominent being the expansion of the Canadian Mainline in the third quarter of 2015, as well as the reversal and expansion in the fourth quarter of 2015 of Line 9B which has provided enhanced access to the eastern Canada market. The Canadian Mainline contribution increased primarily due to higher throughput that resulted from strong oil sands production in western Canada combined with contributions from the new assets placed into service in 2015, as well as a higher quarter-over-quarter average Canadian Mainline International Joint Tariff Residual Benchmark Toll.

Gas Pipelines benefitted from strong contributions from Alliance Pipeline under its new services framework that came into effect in the fourth quarter of 2015.

The above noted increases were partially offset by lower EBIT from Green Power as a result of disruptions at certain eastern Canadian wind farms due to winter weather conditions which caused icing of wind turbines, as well as weaker wind and solar resources at certain facilities.

Additionally, the overall increase in EBIT was partially offset by Eliminations and Other which decreased in the first quarter of 2016 due to unrealized foreign exchange losses recognized compared with unrealized foreign exchange gains recognized in 2015. This decrease was partially offset by dividend income received from an investment in an affiliate.

Finally, the change in Earnings attributable to general and limited partners quarter-over-quarter was also impacted by TPDR and IDR distributions on SIR issued as part of the 2015 Transaction, higher interest expense resulting from the incurrence of incremental debt to fund asset growth and decreased capitalized interest period-over-period as a result of projects coming into service. Additionally, income taxes increased in the first quarter of 2016 largely due to the quarter-over-quarter increase in earnings.

FORWARD-LOOKING INFORMATION

Forward-looking information, or forward-looking statements, have been included in this MD&A to provide information about EIPLP and EIPLP's subsidiaries and affiliates, including management's assessment of EIPLP's future plans and operations. This information may not be appropriate for other purposes. Forward-looking statements are typically identified by words such as "anticipate", "expect", "project", "estimate", "forecast", "plan", "intend", "target", "believe", "likely" and similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information or statements included or incorporated by reference in this document include, but are not limited to, statements with respect to the following: expected EBIT or expected adjusted EBIT; expected earnings/(loss) or adjusted earnings/(loss); expected available cash flow from operations (ACFFO); expected future cash flows; expected future distributions and policy; expected costs related to projects under construction; expected in-service dates for projects under construction; expected capital expenditures; expected future actions of regulators; expected costs related to leak remediation and potential insurance recoveries; expectations regarding commodity prices; supply forecasts; and expectations regarding the impact of the 2015 Transaction.

Although EIPLP believes these forward-looking statements are reasonable based on the information available on the date such statements are made and processes used to prepare the information, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on forward-looking statements. By their nature, these statements involve a variety of assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements. Material assumptions include assumptions about the following: the expected supply of and demand for crude oil, natural gas, NGL and renewable energy; prices of crude oil, natural gas, NGL and renewable energy; exchange rates; inflation; interest rates; availability and price of labour and construction materials; operational reliability; customer and regulatory approvals; maintenance of support and regulatory approvals for EIPLP's projects; anticipated in-service dates; weather; the impact of the 2015 Transaction on cash flows; capital project funding; expected EBIT or expected adjusted EBIT; expected earnings/(loss) or adjusted earnings/(loss); expected future ACFFO; and expected future distributions. Assumptions regarding the expected supply of and demand for crude oil, natural gas, NGL and renewable energy, and the prices of these commodities, are material to and underlie all forward-looking statements. These factors are relevant to all forward-looking statements as they may impact current and future levels of demand for EIPLP's services. Similarly, exchange rates, inflation and interest rates impact the economies and business environments in which EIPLP operates and may impact levels of demand for EIPLP'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 EBIT, adjusted EBIT, earnings/(loss), adjusted earnings/(loss), ACFFO, the impact of the 2015 Transaction or estimated future distributions. The most relevant assumptions associated with forward-looking statements on projects under construction, including estimated completion dates and expected capital expenditures, include the following: the availability and price of labour and construction materials; the effects of inflation and foreign exchange rates on labour and material costs; the effects of interest rates on borrowing costs; and the impact of weather and customer and regulatory approvals on construction and in-service schedules.

EIPLP's forward-looking statements are subject to risks and uncertainties pertaining to the impact of the 2015 Transaction, distribution policy, operating performance, regulatory parameters, project approval and support, weather, economic and competitive conditions, public opinion, changes in tax law and tax rate increases, exchange rates, interest rates, commodity prices and supply of and demand for commodities, including but not limited to those risks and uncertainties discussed in this MD&A. 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 EIPLP'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, EIPLP assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. All subsequent *forward-looking statements, whether written or oral, attributable to EIPLP or persons acting on EIPLP's behalf, are expressly qualified in their entirety by these cautionary statements.*

NON-GAAP MEASURES

This MD&A contains references to adjusted EBIT, adjusted earnings and ACFFO. Adjusted EBIT represents EBIT adjusted for unusual, non-recurring or non-operating factors on both a consolidated and segmented basis. Adjusted earnings represents earnings adjusted for unusual, non-recurring or non-operating factors included in adjusted EBIT, as well as adjustments for unusual, non-recurring or non-operating factors in respect of interest expense and income taxes on a consolidated basis. These factors, referred to as adjusting items, are reconciled and discussed in the financial results sections for the affected business segments.

ACFFO represents EIPLP's cash available to fund distributions to partners as well as for debt repayments and reserves. ACFFO consists of adjusted EBIT further adjusted for non-cash items, representing cash flow from EIPLP's underlying businesses, less deductions for maintenance capital expenditures, interest expense, applicable taxes and other reserves pertaining to items of an unusual or transient nature which are not indicative of the underlying or sustainable cash flows of the business. ACFFO is important to partners as the Fund Group's objective is to provide a predictable flow of distributions to unitholders.

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

NON-GAAP RECONCILIATION – EBIT TO ADJUSTED EBIT

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Earnings/(loss) before interest and income taxes	**1,097**	(418)
Retrospective adjustments[1]:		
2015 Transaction - Liquids Pipelines	**-**	564
2015 Transaction - Green Power	**-**	(17)
2015 Transaction - Eliminations and Other	**-**	(8)
Adjusting items[2]:		
Changes in unrealized derivative fair value (gains)/loss	**(614)**	60
Unrealized (gains)/loss on translation of United States dollar intercompany loan	**60**	(71)
Other	**10**	(1)
Adjusted earnings before interest and income taxes	**553**	109

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

[2] The above table summarizes adjusting items by nature. For a detailed listing of adjusting items by segment, refer to individual segment discussions.

NON-GAAP RECONCILIATION – ADJUSTED EBIT to ADJUSTED EARNINGS

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Liquids Pipelines	**447**	40
Gas Pipelines	**49**	40
Green Power	**37**	29
Eliminations and Other	**20**	-
Adjusted earnings before interest and income taxes	**553**	109
Interest expense	**(96)**	(3)
Income taxes[1]	**(66)**	(19)
Special interest rights distributions - TPDR	**(64)**	-
Special interest rights distributions - IDR	**(11)**	-
Adjusted earnings attributable to general and limited partners	**316**	87

[1] *Presented net of adjusting items primarily related to income taxes on the changes in unrealized derivative fair value gains and losses and unrealized translation of a United States dollar intercompany loan.*

Adjusted EBIT

Adjusted EBIT was $553 million for the three months ended March 31, 2016 compared with $109 million for the three months ended March 31, 2015. The increase in adjusted EBIT is attributable to the significant increase of EIPLP's asset base following the 2015 Transaction. The most notable assets contributing incremental adjusted EBIT were Canadian Mainline and Regional Oil Sands System as further discussed in *Financial Results – Liquids Pipelines*.

Adjusted Earnings

Adjusted earnings attributable to general and limited partners, referred to as adjusted earnings, was $316 million for the three months ended March 31, 2016 compared with $87 million for the three months ended March 31, 2015. The increases reflected in the adjusted EBIT discussion above were partially offset by higher interest expense due to higher levels of debt and higher income taxes expense due to increased business activity, as well as TPDR distributions on the SIR.

NON-GAAP RECONCILIATION – ACFFO

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Adjusted earnings before interest and income taxes	**553**	109
Depreciation and amortization expense	**161**	35
Distributions from Southern Lights Class A units	**5**	5
Cash distributions less than equity earnings	**(2)**	(8)
Maintenance capital expenditures[1]	**(25)**	(3)
Interest expense[2]	**(91)**	(3)
Current income taxes[2]	**(18)**	(7)
Incentive distribution rights	**(11)**	-
Other adjusting items	**(3)**	-
Available cash flow from operations (ACFFO)	**569**	128

[1] *Maintenance capital expenditures are expenditures that are required for the ongoing support and maintenance of the existing pipeline system or that are necessary to maintain the service capability of the existing assets (including the replacement of components that are worn, obsolete or completing their useful lives). For the purpose of ACFFO, maintenance capital excludes expenditures that extend asset useful lives, increase capacities from existing levels or reduce costs to enhance revenues or provide enhancements to the service capability of the existing assets.*

[2] *These balances are presented net of adjusting items.*

Available Cash Flow from Operations

ACFFO represents cash available to fund distributions on Class A and Class C units, as well as for debt repayments and reserves. Such reserves are determined by the Manager and are used for payment of committed charges, such as interest and income taxes, and for execution of the capital maintenance program.

For the three months ended March 31, 2016, EIPLP's ACFFO was $569 million compared with $128 million for the three months ended March 31, 2015. Similar to adjusted EBIT, the increase in ACFFO is driven by the significant increase of EIPLP's asset base following the 2015 Transaction. The quarter-over-quarter increase was partially offset by higher maintenance capital expenditures, higher interest expense and higher adjusted income taxes expense in 2016, all resulting from increased business activity associated with the increased asset base.

RECENT DEVELOPMENTS

CLASS A UNIT ISSUANCE

On April 20, 2016, EIPLP issued 25.4 million Class A units to ECT for gross proceeds of $718 million following Enbridge Income Fund Holdings Inc.'s (ENF) common share issuance. The proceeds are being used to repay short-term indebtedness pending investment in the secured growth capital programs.

LIQUIDS PIPELINES

Wildfires in Northeastern Alberta

During the first week of May 2016, extreme wildfires in northeastern Alberta resulted in the shutdown of a number of oil sands production facilities and the evacuation of approximately 88,000 people from the city of Fort McMurray which serves as a commercial and regional logistics centre for the oil sands region and a home to a significant portion of the oil sands workforce.

EIPLP's facilities in the region were largely unaffected, however, as a precautionary measure on May 4, 2016, EIPLP shut down and evacuated its Cheecham terminal and curtailed operations at its Athabasca terminal. It also isolated and shut down pipelines in and out of the Cheecham terminal and shut down or curtailed operations on other pipelines it operates in the region.

With the risk to people and facilities abating, EIPLP is coordinating with emergency response, public safety and utility officials to restore power and make any necessary repairs to its systems while working closely with producers in the region to restart and return its regional pipeline systems to full operation. The time required to return to full operation will be dependent on a number of factors including the ability to readily access facilities and re-establish power supply while firefighting and emergency response efforts continue in the region.

It is estimated that since the shutdown of EIPLP's facilities, deliveries from EIPLP's regional oil sands pipelines have been reduced by approximately 900,000 barrels per day. Management currently expects that system capacity will be restored over the next few days subject to ongoing access to facilities. Given the evolving nature of the situation, the impact of the wildfires on the financial performance of EIPLP cannot be accurately estimated at this time. However, the disruption of service on the regional oil sands pipeline system and corresponding impacts on EIPLP's downstream pipelines, under a variety of restart scenarios, is not expected to significantly impact EIPLP's financial performance in 2016.

GROWTH PROJECTS

The following table summarizes the current status of the commercially secured projects, organized by business segment. The estimated capital costs and the expenditures to date are inclusive of costs incurred prior to the closing of the 2015 Transaction.

	Estimated Capital Cost[1]	Expenditures to Date[2]	Expected In-Service Date	Status
(Canadian dollars)				
LIQUIDS PIPELINES				
1. JACOS Hangingstone Project	$0.2 billion	$0.1 billion	2016	Under construction
2. Regional Oil Sands Optimization Project	$2.6 billion	$1.8 billion	2017	Under construction
3. Norlite Pipeline System[3]	$1.3 billion	$0.5 billion	2017	Under construction
4. Canadian Line 3 Replacement Program	$4.9 billion	$1.1 billion	2019	Pre-construction

[1] These amounts are estimates and are subject to upward or downward adjustment based on various factors. Where appropriate, the amounts reflect EIPLP's share of joint venture projects.

[2] Expenditures to date reflect total cumulative expenditures incurred from inception of the project under Enbridge's ownership up to March 31, 2016.

[3] EIPLP will construct and operate the Norlite Pipeline System (Norlite). Keyera Corp. will fund 30% of the project.

The description of each of the above projects is provided in EIPLP's 2015 annual MD&A. Any significant updates since the filing of EIPLP's 2015 annual MD&A are provided in this section.

LIQUIDS PIPELINES

Norlite Pipeline System

Enbridge is undertaking the development of Norlite, a new industry diluent pipeline originating from Edmonton, Alberta to meet the needs of multiple producers in the Athabasca oil sands region. Based on current engineering design, the project is now expected to provide an initial capacity of approximately 218,000 barrels per day (bpd) of diluent, with the potential to be further expanded to approximately 465,000 bpd of capacity.

Canadian Line 3 Replacement Program

In 2014, Enbridge and Enbridge Energy Partners, L.P. jointly announced that shipper support was received for investment in the Line 3 Replacement Program (L3R Program). The Canadian portion of the L3R Program (Canadian L3R Program) will complement existing integrity programs by replacing approximately 1,084 kilometres (673 miles) of the remaining line segments of the existing Line 3 pipeline between Hardisty, Alberta and Gretna, Manitoba.

In April 2016, the National Energy Board (NEB) issued final conditions and a recommendation to the Federal Cabinet (the Cabinet) to issue a Certificate of Public Convenience and Necessity for the construction and operation of the pipeline and related facilities. The NEB found that the Canadian L3R Program is in the Canadian public interest. A decision by the Cabinet was expected to be issued three months following the NEB recommendation per guidelines; however, because of the Federal Government's January 27, 2016 announcement that outside of the NEB process for industry projects, it has directed Federal agencies to conduct assessments of direct and upstream greenhouse gas (GHG) emissions and incremental consultation with affected communities and Indigenous peoples, the Minister of Natural Resources intends to seek an extension of four months to the Government's legislated decision-making time limit (to seven months in total). As a result, Enbridge expects a decision from the Cabinet by the end of November 2016.

Also in April 2016, Environment and Climate Change Canada published a draft review of related upstream GHG emissions estimates for the Canadian L3R Program and opened a 30 day public comment period on the draft. The draft review estimates that the upstream GHG emissions in Canada associated with the production and processing of crude oil transported by the Canadian L3R Program, based on a capacity of 760,000 bpd, could be between 19 and 26 megatonnes of carbon dioxide equivalent per year. The draft also found that the estimated emissions are not necessarily incremental; the degree to which the estimated emissions would be incremental depends on the expected price of oil, the availability and costs of other transportation modes, such as crude by rail, and whether other pipeline projects are built. Once the public comment period has closed and the report is finalized, it will be provided to the Cabinet for consideration.

Enbridge has reached a settlement agreement with landowner associations representing Line 3 landowners in Canada and as a result these parties have withdrawn from the hearing process and have expressed their support for the project. The NEB found these agreements to be a persuasive factor in favour of the reasonableness of Enbridge's decommissioning plan.

Subject to regulatory and other approvals, the Canadian L3R Program is targeted to be completed in early 2019 at an estimated capital cost of approximately $4.9 billion, with expenditures to date of approximately $1.1 billion. With a delay in construction, the cost of this project is expected to increase. Enbridge continues to review the estimated cost of this project. Costs of the Canadian L3R Program will be recovered through a 15-year toll surcharge mechanism under the CTS.

FINANCIAL RESULTS

LIQUIDS PIPELINES
Earnings before Interest and Income Taxes

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Canadian Mainline	**309**	-
Regional Oil Sands System	**93**	-
Southern Lights Pipeline	**22**	19
Bakken System	**3**	4
Feeder Pipelines and Other	**20**	17
Adjusted earnings before interest and income taxes	**447**	40
Retrospective adjustment - 2015 Transaction[1]	**-**	(564)
Canadian Mainline - changes in unrealized derivative fair value gains	**568**	-
Regional Oil Sands System - leak insurance recoveries	**5**	-
Regional Oil Sands System - make-up rights adjustment	**(14)**	-
Southern Lights Pipeline - changes in unrealized derivative fair value gains/(loss)	**32**	(48)
Bakken System - make-up rights adjustment	**(1)**	1
Earnings/(loss) before interest and income taxes	**1,037**	(571)

[1] In accordance with U.S. GAAP, EBIT for the three months ended March 31, 2015 has been retrospectively adjusted to furnish comparative information related to the 2015 Transaction. The impact of the retrospective adjustments has been removed from adjusted EBIT to reflect earnings generated under EIPLP's ownership prior to September 1, 2015. Retrospective adjustments also include the impacts of significant, unusual, non-recurring or non-operating factors included in the retrospectively adjusted amounts for U.S. GAAP purposes.

Additional details on items impacting Liquids Pipelines EBIT include:

- Canadian Mainline EBIT reflected changes in unrealized fair value gains primarily on derivative financial instruments used to risk manage exposures inherent within the CTS, namely foreign exchange, power cost variability and allowance oil commodity prices.
- Regional Oil Sands System EBIT for the first quarter of 2016 included insurance recoveries associated with the Line 37 crude oil release, which occurred in June 2013.
- Regional Oil Sands System and Bakken System EBIT included make-up rights adjustments to recognize revenue for certain long-term take-or-pay contracts rateably over the contract life. For

the purposes of adjusted EBIT, EIPLP reflects contributions from these contracts rateably over the life of the contract, consistent with contractual cash payments under the contract.

- Southern Lights Pipeline EBIT for each period reflected changes in unrealized fair value gains and losses on derivative financial instruments used to manage foreign exchange risk exposure on United States dollar cash flows from the Southern Lights Class A units.

Canadian Mainline

Canadian Mainline adjusted EBIT for the three months ended March 31, 2016 reflected earnings from the acquisition of the Canadian Mainline on September 1, 2015 as part of the 2015 Transaction. Canadian Mainline EBIT is largely impacted by volume throughput achieved on the system. Positively impacting adjusted EBIT was higher throughput driven by strong oil sands production combined with contributions from new assets placed into service in 2015, the most prominent being the expansion of the Canadian Mainline in the third quarter of 2015 and the reversal and expansion of Line 9B completed in the fourth quarter of 2015. Higher throughput on the Canadian Mainline also reflected increased downstream demand in the first quarter of 2016 from the completion of other projects operated by Enbridge.

Throughput Volume

	Three months ended March 31,
	2016
(thousands of bpd)	
Average throughput volume[1]	**2,543**

[1] *Throughput volume represents mainline deliveries ex-Gretna, Manitoba which is made up of United States and eastern Canada deliveries originating from western Canada. Throughput volumes are representative of EIPLP's ownership period of the Canadian Mainline.*

Regional Oil Sands System

Regional Oil Sands System adjusted EBIT for the three months ended March 31, 2016 reflected earnings from the acquisition of Regional Oil Sands System as part of the 2015 Transaction.

GAS PIPELINES

Earnings before Interest and Income Taxes

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Gas Pipelines	**49**	40
Adjusted earnings before interest and income taxes	**49**	40
Gas Pipelines - changes in unrealized derivative fair value gains/(loss)	**12**	(12)
Earnings before interest and income taxes	**61**	28

Alliance Pipeline

Alliance Pipeline adjusted EBIT for the three months ended March 31, 2016, which represents EBIT from EIPLP's 50% equity investment in Alliance Pipeline, increased compared with the first quarter of 2015 primarily due to lower operating costs and higher revenues resulting from strong demand for seasonal firm service under Alliance Pipeline's new services framework that commenced in the fourth quarter of 2015. The increase in adjusted EBIT was partially offset by the absence of non-renewal fees for the United States portion of Alliance Pipeline (Alliance Pipeline US) and higher depreciation expense that had been recovered through tolls in first quarter of 2015.

Throughput Volume

	Three months ended March 31,	
	2016	2015
(millions of cubic feet per day)		
Average throughput volume		
Alliance Pipeline Canada	**1,659**	1,636
Alliance Pipeline US	**1,757**	1,791

GREEN POWER
Earnings before Interest and Income Taxes

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Green Power	**37**	29
Adjusted earnings before interest and income taxes	**37**	29
Retrospective adjustment - 2015 Transaction[1]	**-**	17
Green Power - changes in unrealized derivative fair value gain	**2**	-
Earnings before interest and income taxes	**39**	46

[1] *In accordance with U.S. GAAP, EBIT for the three months ended March 31, 2015 has been retrospectively adjusted to furnish comparative information related to the 2015 Transaction. The impact of the retrospective adjustments has been removed from adjusted EBIT to reflect earnings generated under EIPLP's ownership prior to September 1, 2015. Retrospective adjustments also include the impacts of significant, unusual, non-recurring or non-operating factors included in the retrospectively adjusted amounts for U.S. GAAP purposes.*

Green Power adjusted EBIT increased for the three months ended March 31, 2016 compared with the corresponding 2015 period. The increase was due to the inclusion of adjusted EBIT from the Lac Alfred, Massif du Sud, Blackspring Ridge and Saint Robert Bellarmin wind projects following the close of the 2015 Transaction, which was partially offset by lower earnings as a result of disruptions at certain eastern Canadian wind farms due to winter weather conditions which caused icing of wind turbines, as well as weaker wind and solar resources at certain facilities.

ELIMINATIONS AND OTHER
Earnings before Interest and Income Taxes

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Dividend income from affiliate	**10**	-
Realized gain on United States dollar intercompany loan	**9**	-
Other	**1**	-
Adjusted earnings before interest and income taxes	**20**	-
Retrospective adjustment - 2015 Transaction[1]	**-**	8
Unrealized gains/(loss) on translation of United States dollar intercompany loan	**(60)**	71
Earnings/(loss) before interest and income taxes	**(40)**	79

[1] *In accordance with U.S. GAAP, EBIT for the three months ended March 31, 2015 has been retrospectively adjusted to furnish comparative information related to the 2015 Transaction. The impact of the retrospective adjustments has been removed from adjusted EBIT to reflect earnings generated under EIPLP's ownership prior to September 1, 2015. Retrospective adjustments also include the impacts of significant unusual, non-recurring or non-operating factors included in the retrospectively adjusted amounts for U.S. GAAP purposes.*

In the first quarter of 2016, EIPLP received dividend income from its Enbridge Employee Services Canada Inc. Series A Preferred Shares investment as part of the 2015 Transaction, as well as recognized a realized foreign exchange gain generated from repayments on an intercompany loan denominated in United States dollars.

LIQUIDITY AND CAPITAL RESOURCES

SOURCES AND USES OF CASH

EIPLP's primary uses of cash are distributions to its partners, administrative and operational expenses, maintenance and growth capital spending, as well as interest and principal repayments on its long-term debt. EIPLP generates cash from operations, commercial paper issuances and credit facility draws, through the periodic issuance of public term debt and issuance of units to its partners. Additionally, to ensure ongoing liquidity and to mitigate the risk of capital market disruption, EIPLP maintains a level of committed bank credit facilities. In addition to ensuring adequate liquidity, EIPLP actively manages its bank funding sources to optimize pricing and other terms. All of the above noted debt, commercial paper and credit facilities are held through EIPLP's subsidiary Enbridge Pipelines Inc. (EPI). Additional liquidity, if necessary, is expected to be available through intercompany transactions with Enbridge or other related entities.

EIPLP's net available liquidity of $1,212 million as at March 31, 2016 was inclusive of $422 million of unrestricted cash and cash equivalents and net of bank indebtedness of $293 million. The net available liquidity, together with cash from operations, intercompany funding and proceeds of debt capital market transactions, is expected to be sufficient to finance capital expenditures requirements, fund liabilities as they become due, fund debt retirements and pay distributions.

Long-term Debt

Long-term debt primarily consists of committed credit facilities and medium-term notes at EPI. As at March 31, 2016, EIPLP had $3,005 million of committed credit facilities, of which $1,083 million was unutilized. EPI must adhere to covenants under its credit facility agreement and Trust Indenture. Under terms of EPI's Trust Indenture, in order to continue to issue long-term debt, EPI must maintain a ratio of Consolidated Funded Obligations to Total Consolidated Capitalization of less than 75%. Total Consolidated Capitalization consists of shareholder's equity, long-term debt and deferred income taxes. As at March 31, 2016, EPI was in compliance with all debt covenants.

Distributions

The following tables summarize the cash and non-cash distributions declared by EIPLP for the three months ended March 31, 2016 and 2015, as applicable.

Class A Units

	2016		2015	
	Distribution per Unit[1]	Total	Distribution per Unit[1]	Total
(millions of Canadian dollars, except distribution rate)				
Three months ended March 31,	**0.5585**	**199**	0.4938	121

[1] *Class A unit distributions are declared monthly and paid in cash in the following month.*

Class C Units

	2016	
	Distribution per Unit[1]	Total
(millions of Canadian dollars, except distribution rate)		
Three months ended March 31,	**0.5376**	**237**

[1] *Class C unit distributions are declared monthly and paid in cash in the following month. Class C units were first issued on September 1, 2015 pursuant to the 2015 Transaction.*

Class D Units

	2016	
	Distribution per Unit[1]	Total
(millions of Canadian dollars, except distribution rate)		
Three months ended March 31,	**0.5376**	**1**

[1] Class D unit distributions are declared monthly and paid-in-kind with the issuance of additional Class D units in the following month. Class D units were first issued in October 2015 pursuant to the first payment of TPDR distributions of the SIR.

Special Interest Rights – TPDR

	2016
	Total[1]
(millions of Canadian dollars)	
Three months ended March 31,	**64**

[1] TPDR distributions are declared monthly and paid-in-kind to holders of the SIR with the issuance of additional Class D units in the following month. SIR were first issued on September 1, 2015 pursuant to the 2015 Transaction.

Special Interest Rights – IDR

	2016
	Total[1]
(millions of Canadian dollars)	
Three months ended March 31,	**11**

[1] IDR distributions are declared monthly and paid in cash to holders of the SIR in the following month. SIR were first issued on September 1, 2015 pursuant to the 2015 Transaction.

CAPITAL EXPENDITURE COMMITMENTS

EIPLP has signed contracts for the purchase of services, pipe and other materials totalling $1,447 million, which are expected to be paid over the next five years.

RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

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

EIPLP's earnings, cash flows and other comprehensive income (OCI) are subject to movements in foreign exchange rates, interest rates and commodity prices. EIPLP uses a combination of qualifying and non-qualifying derivative instruments to manage these risks. Refer to EIPLP's 2015 Annual MD&A for further details on financial instrument risk management.

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

The following table presents the effect of derivative instruments on EIPLP's consolidated earnings and consolidated comprehensive income.

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Amount of unrealized gains/(loss) recognized in OCI		
Cash flow hedges		
Foreign exchange contracts	**(1)**	1
Interest rate contracts	**(148)**	(105)
Commodity contracts	**12**	12
	(137)	(92)
Amount of (gains)/loss reclassified from Accumulated other comprehensive income (AOCI) to earnings *(effective portion)*		
Interest rate contracts[2]	**3**	1
Commodity contracts[3]	**(3)**	(2)
	-	(1)
Amount of loss reclassified from AOCI to earnings *(ineffective portion and amount excluded from effectiveness testing)*		
Interest rate contracts[2]	**-**	2
	-	2
Amount of unrealized gains/(loss) from non-qualifying derivatives included in earnings		
Foreign exchange contracts[1]	**641**	(852)
Commodity contracts[3]	**(14)**	(35)
	627	(887)

[1] Reported within Transportation and other services revenues and Other income in the Consolidated Statements of Earnings.

[2] Reported within Interest income/(expense) in the Consolidated Statements of Earnings.

[3] Reported within Electricity sales revenues, Transportation and other services revenues, Other income/(expense) and Operating and administrative expense in the Consolidated Statements of Earnings.

LIQUIDITY RISK

Liquidity risk is the risk that EIPLP will not be able to meet its financial obligations, including commitments and guarantees, as they become due. In order to mitigate this risk, EIPLP forecasts cash requirements over a 12 month rolling time period to determine whether sufficient funds will be available. EIPLP maintains a level of committed bank credit facilities and actively manages its bank funding sources to optimize pricing and other terms. Additional liquidity, if necessary, is expected to be available through intercompany transactions with Enbridge or other related entities.

CREDIT RISK

Entering into derivative financial instruments may result in exposure to credit risk from the possibility that a counterparty will default on its contractual obligations. Credit risk also arises from trade and other long-term receivables. These risks are mitigated through credit exposure limits and contractual requirements, assessment of credit ratings and netting arrangements. Refer to EIPLP's 2015 Annual MD&A for further details on EIPLP credit risk management.

CHANGES IN ACCOUNTING POLICIES

ADOPTION OF NEW STANDARDS

Classification of Deferred Taxes on the Statements of Financial Position

Effective January 1, 2016, EIPLP elected to early adopt Accounting Standards Update (ASU) 2015-17 and applied the standard on a prospective basis. The amendments require that deferred tax liabilities and assets be classified as noncurrent in the Consolidated Statements of Financial Position. The adoption of the pronouncement did not have a material impact on EIPLP's consolidated financial statements.

Simplifying the Accounting for Measurement-Period Adjustments in Business Combinations

Effective January 1, 2016, EIPLP adopted ASU 2015-16 on a prospective basis. The new standard requires that an acquirer must recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The adoption of the pronouncement did not have a material impact on EIPLP's consolidated financial statements.

Simplifying the Presentation of Debt Issuance Costs

Effective January 1, 2016, EIPLP adopted ASU 2015-03 on a retrospective basis which, as at December 31, 2015, resulted in a decrease in Deferred amounts and other assets of $16 million and a corresponding decrease in Long-term debt of $16 million. The new standard requires debt issuance costs related to a recognized debt liability to be presented in the Consolidated Statements of Financial Position as a direct deduction from the carrying amount of that debt liability, consistent with the presentation of debt discounts or premiums. Further, effective January 1, 2016, EIPLP adopted ASU 2015-15 which clarifies that debt issuance costs associated with line-of-credit arrangements may be deferred as an asset and subsequently amortized over the term of the arrangement. The adoption of ASU 2015-15 did not have a material impact on EIPLP's consolidated financial statements.

Amendments to the Consolidation Analysis

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

Hybrid Financial Instruments Issued in the Form of a Share

Effective January 1, 2016, EIPLP adopted ASU 2014-16 on a modified retrospective basis. The revised criteria eliminate the use of different methods in practice in the accounting for hybrid financial instruments issued in the form of a share. The new standard also clarifies the evaluation of the economic characteristics and risks of a host contract in these hybrid financial instruments. The adoption of the pronouncement did not have a material impact on EIPLP's consolidated financial statements.

Development Stage Entities

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

FUTURE ACCOUNTING POLICY CHANGES

Simplifying the Equity Method of Accounting

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

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

Recognition of Leases
ASU 2016-02 was issued in February 2016 with the intent to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Consolidated Statements of Financial Position and disclosing additional key information about leasing arrangements. EIPLP is currently assessing the impact of the new standard on its consolidated financial statements. The accounting update is effective December 15, 2018 and is to be applied using a modified retrospective approach.

Revenue from Contracts with Customers
ASU 2014-09 was issued in May 2014 with the intent of significantly enhancing comparability of revenue recognition practices across entities and industries. The new standard provides a single principles-based, five-step model to be applied to all contracts with customers and introduces new, increased disclosure requirements. In July 2015, the effective date of the new standard was delayed by one year and the new standard is now effective for annual and interim periods beginning on or after December 15, 2017 and may be applied on either a full or modified retrospective basis. ASU 2016-08 was issued in March 2016 with the intent of clarifying the implementation guidance on principal versus agent considerations. Further, ASU 2016-10 was issued in April 2016 to clarify guidance on identifying performance obligations and licensing implementation. The effective dates for the amendments are the same as ASU 2014-09. EIPLP is currently assessing the impact of the new standards on its consolidated financial statements.

QUARTERLY FINANCIAL INFORMATION[1,2]

	2016	2015				2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
(millions of Canadian dollars)								
Revenues	**1,540**	747	180	1,007	(60)	408	358	980
Earnings/(loss) attributable to general and limited partners	**705**	228	(274)	469	(301)	45	14	466

[1] Quarterly financial information has been retrospectively adjusted to reflect the 2015 Transaction prior to September 1, 2015 and EIPLP's acquisition of a 50% equity interest in Alliance Pipeline US and the purchase of the Southern Lights Class A units prior to November 7, 2014 as prescribed by U.S. GAAP for common control transactions.

[2] Revenues and Earnings/(loss) attributable to general and limited partners are impacted by changes in unrealized derivative fair value gains and losses on derivatives.

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

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

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

- Beginning in the third quarter of 2015, EIPLP began making TPDR distributions to the holders of its SIR. EIPLP also began making IDR distributions to the holders of its SIR during the first quarter of 2016.
- EIPLP's Green Power segment is subject to seasonal variations. This is driven by generally stronger wind resources in the first and fourth quarters and stronger solar resources in the second and third quarters. Although these trends are offsetting, revenues and earnings are generally expected to be lowest in the third quarter, attributable to seasonally weaker wind resources.
- As part of the 2015 Transaction, the commercially secured growth programs embedded within EPI and Enbridge Pipelines (Athabasca) Inc. (EPAI) were transferred to EIPLP. Prior to the close of the 2015 Transaction, both EPI and EPAI undertook substantial capital growth over the past recent years. The timing of construction and completion of growth projects may impact the comparability of EIPLP's quarterly results. EIPLP's capital expansion initiatives, including construction commencement and in-service dates, are described in *Growth Projects*.

EIPLP OWNERSHIP

The following presents the partners' ownership of EIPLP:

	As at April 29, 2016
(number of units outstanding)	
Class A units	
Held by Enbridge Income Partners GP Inc.	38,226
Held by Enbridge Commercial Trust	382,225,941
	382,264,167
Class C units[1]	
Held by Enbridge Inc.	442,923,363
Class D units[2]	
Held by Enbridge Inc.	4,218,993
Class E unit	
Held by Enbridge Inc.	1
Special Interest Rights	
Held by Enbridge Inc.	1,000

[1] The Class C units may, at the option of the holder, be exchanged directly or indirectly, in whole or in part for ECT Preferred Units, ordinary trust units of the Fund or ENF common shares.

[2] The Class D units may, at the option of the holder, be exchanged for Class C units commencing on the fourth anniversary of the year of issuance.

ENBRIDGE INCOME PARTNERS LP

CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

March 31, 2016

CONSOLIDATED STATEMENTS OF EARNINGS

	Three months ended March 31,	
	2016	2015[1]
(unaudited; millions of Canadian dollars)		
Revenues		
Transportation and other services	**1,462**	(152)
Electricity sales	**66**	79
Revenues - affiliates	**12**	13
	1,540	(60)
Expenses		
Operating and administrative	**203**	337
Operating and administrative, net - affiliates	**139**	(33)
Depreciation and amortization	**161**	144
Environmental costs, net of recoveries	**(5)**	(12)
	498	436
	1,042	(496)
Income from equity investments	**52**	40
Other income/(expense)	**(23)**	17
Other income - affiliates	**26**	21
Interest income/(expense)	**(31)**	9
Interest expense - affiliates	**(65)**	(76)
	1,001	(485)
Income taxes recovery/(expense) *(Note 10)*	**(221)**	184
Earnings/(loss)	**780**	(301)
Special interest rights distributions		
Temporary performance distribution rights	**(64)**	-
Incentive distribution rights	**(11)**	-
Earnings/(loss) attributable to general and limited partners	**705**	(301)
Earnings attributable to general partner interest	**-**	-
Earnings/(loss) attributable to limited partners' interests	**705**	(301)
	705	(301)

See accompanying notes to the unaudited interim consolidated financial statements.

[1] Retrospectively adjusted to furnish comparative information related to the 2015 Transaction (Note 1).

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended March 31,	
	2016	2015[1]
(unaudited; millions of Canadian dollars)		
Earnings/(loss)	**780**	(301)
Other comprehensive income/(loss), net of tax		
Change in unrealized loss on cash flow hedges	**(100)**	(67)
Reclassification to earnings of unrealized cash flow hedges	**-**	(1)
Change in foreign currency translation adjustment	**(34)**	36
Other comprehensive loss	**(134)**	(32)
Comprehensive income/(loss) attributable to general and limited partners	**646**	(333)

See accompanying notes to the unaudited interim consolidated financial statements.

[1] *Retrospectively adjusted to furnish comparative information related to the 2015 Transaction (Note 1).*

CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

	Three months ended March 31,	
	2016	2015[1]
(unaudited; millions of Canadian dollars)		
General partner interest		
Balance at beginning of period	**(6,420)**	-
Allocation from limited partners	**(410)**	-
Balance at end of period	**(6,830)**	-
Limited partners' interests		
Balance at beginning of period - limited partners' interests	**-**	3,165
Balance at beginning of period - Purchased Entities[2]	**-**	3,989
Excess purchase price over historical carrying value acquired allocation *(Note 4)*	**(6)**	-
Equity of former owners of Purchased Entities allocation	**-**	(264)
Redemption value adjustment attributable to Class C and D units	**(523)**	-
Earnings/(loss) allocation	**318**	(301)
Distributions	**(199)**	(121)
	(410)	6,468
Allocation to general partner	**410**	-
Balance at end of period	**-**	6,468
Special interest rights		
Balance at beginning and end of period	**2,565**	-
Accumulated other comprehensive loss *(Note 8)*		
Balance at beginning of period	**(84)**	(73)
Other comprehensive loss, net of tax	**(134)**	(32)
Balance at end of period	**(218)**	(105)
Total partners' capital/(deficit)	**(4,483)**	6,363

See accompanying notes to the unaudited interim consolidated financial statements.

[1] *Retrospectively adjusted to furnish comparative information related to the 2015 Transaction (Note 1).*
[2] *Refer to Note 1 for the description of Purchased Entities.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended March 31,	
	2016	2015[1]
(unaudited; millions of Canadian dollars)		
Operating activities		
Earnings/(loss)	**780**	(301)
Depreciation and amortization	**161**	144
Deferred income taxes (recovery)/expense	**202**	(222)
Changes in unrealized (gains)/loss on derivative instruments, net *(Note 9)*	**(627)**	887
Cash distributions less than equity earnings	**(2)**	(8)
Hedge ineffectiveness	**-**	(4)
Unrealized (gains)/loss on translation of United States dollar intercompany loan *(Note 9)*	**59**	(71)
Other	**3**	-
Changes in operating assets and liabilities	**24**	(17)
	600	408
Investing activities		
Additions to property, plant and equipment	**(707)**	(689)
Joint venture financing	**(10)**	-
Restricted long-term investments	**(11)**	(10)
Additions to intangible assets	**(1)**	(4)
Long-term receivable from affiliate *(Note 9)*	**5**	4
Affiliate loans, net	**-**	325
Acquisition of Purchased Entities *(Note 4)*	**(13)**	-
Change in restricted cash	**(1)**	-
	(738)	(374)
Financing activities		
Affiliate loans, net	**22**	198
Net change in bank indebtedness and short-term borrowings	**260**	(75)
Net change in commercial paper and credit facility draws	**575**	132
Distributions and dividends paid by Purchased Entities	**-**	(269)
Distributions to partners	**(425)**	(121)
	432	(135)
Effect of translation of foreign denominated cash and cash equivalents	**(1)**	-
Increase/(decrease) in cash and cash equivalents	**293**	(101)
Cash and cash equivalents at beginning of period	**129**	162
Cash and cash equivalents at end of period	**422**	61

See accompanying notes to the unaudited interim consolidated financial statements.

[1] *Retrospectively adjusted to furnish comparative information related to the 2015 Transaction (Note 1).*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2016	December 31, 2015
(unaudited; millions of Canadian dollars)		
Assets		
Current assets		
Cash and cash equivalents	**422**	129
Restricted cash	**1**	-
Accounts receivable and other	**605**	615
Accounts receivable from affiliates	**58**	47
Loans to affiliates	**3**	3
	1,089	794
Property, plant and equipment, net	**21,700**	21,064
Long-term receivable from affiliate *(Note 9)*	**770**	826
Investment in affiliated company *(Note 9)*	**514**	514
Long-term investments	**475**	490
Restricted long-term investments	**56**	45
Deferred amounts and other assets	**1,578**	1,516
Intangible assets, net	**109**	110
Goodwill	**29**	29
Deferred income taxes	**221**	246
	26,541	25,634
Liabilities and partners' capital		
Current liabilities		
Bank indebtedness	**293**	33
Accounts payable and other	**1,104**	1,126
Accounts payable to affiliates	**498**	472
Distributions payable to affiliates	**172**	143
Interest payable	**52**	45
Loans from affiliates	**117**	95
Current maturities of long-term debt	**14**	14
	2,250	1,928
Long-term debt	**6,151**	5,575
Other long-term liabilities	**1,935**	2,292
Loans from affiliates	**5,801**	5,801
Deferred income taxes	**1,462**	1,275
	17,599	16,871
Contingencies *(Note 11)*		
Class C units *(Note 7)*	**12,849**	12,189
Class D units *(Note 7)*	**101**	38
Class E unit	**475**	475
	13,425	12,702
Partners' capital		
General partner's deficit	**(6,830)**	(6,420)
Limited partners' capital	**-**	-
Special interest rights	**2,565**	2,565
Accumulated other comprehensive loss *(Note 8)*	**(218)**	(84)
	(4,483)	(3,939)
	26,541	25,634

Variable Interest Entities (Note 5)

See accompanying notes to the unaudited interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

1. BASIS OF PRESENTATION

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

EIPLP's operations and earnings for interim periods can be affected by seasonal fluctuations such as the supply of and demand for crude oil and natural gas.

THE 2015 TRANSACTION

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

The interests acquired in the 2015 Transaction were accounted for as a transaction among entities under common control, similar to a pooling of interests, whereby the assets and liabilities acquired were recorded at Enbridge's historic carrying values. Earnings for the three months ended March 31, 2015 report the results of operations of the Purchased Entities as though the acquisition occurred at the beginning of the earliest period presented in these financial statements. Similarly, comparative information for prior periods has been retrospectively adjusted to present the results of operations for EIPLP and the Purchased Entities on a combined basis. See Note 4 for additional disclosure regarding the acquisition of the Purchased Entities.

2. CHANGES IN ACCOUNTING POLICIES

ADOPTION OF NEW STANDARDS

Classification of Deferred Taxes on the Statements of Financial Position

Effective January 1, 2016, EIPLP elected to early adopt Accounting Standards Update (ASU) 2015-17 and applied the standard on a prospective basis. The amendments require that deferred tax liabilities and assets be classified as noncurrent in the Consolidated Statements of Financial Position. The adoption of the pronouncement did not have a material impact on EIPLP's consolidated financial statements.

Simplifying the Accounting for Measurement-Period Adjustments in Business Combinations

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Development Stage Entities

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FUTURE ACCOUNTING POLICY CHANGES

Simplifying the Equity Method of Accounting

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

Derivative Contract Novations on Existing Hedge Accounting Relationships

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3. SEGMENTED INFORMATION

Three months ended March 31, 2016	Liquids Pipelines	Gas Pipelines	Green Power	Eliminations and Other	Consolidated
(millions of Canadian dollars)					
Revenues	**1,459**	**-**	**81**	**-**	**1,540**
Operating and administrative	**(326)**	**-**	**(16)**	**-**	**(342)**
Depreciation and amortization	**(134)**	**-**	**(27)**	**-**	**(161)**
Environmental costs, net of recoveries	**5**	**-**	**-**	**-**	**5**
	1,004	**-**	**38**	**-**	**1,042**
Income from equity investments	**-**	**52**	**-**	**-**	**52**
Other income/(expense)	**33**	**9**	**1**	**(40)**	**3**
Earnings/(loss) before interest and taxes	**1,037**	**61**	**39**	**(40)**	**1,097**
Interest expense					**(96)**
Income taxes					**(221)**
Special interest rights distributions					**(75)**
Earnings attributable to general and limited partners					**705**
Additions to property, plant and equipment	**707**	**-**	**-**	**-**	**707**

Three months ended March 31, 2015	Liquids Pipelines	Gas Pipelines	Green Power	Eliminations and Other	Consolidated
(millions of Canadian dollars)					
Revenues	(146)	-	86	-	(60)
Operating and administrative	(292)	-	(12)	-	(304)
Depreciation and amortization	(116)	-	(28)	-	(144)
Environmental costs, net of recoveries	12	-	-	-	12
	(542)	-	46	-	(496)
Income from equity investments	-	40	-	-	40
Other income/(expense)	(29)	(12)	-	79	38
Earnings/(loss) before interest and taxes	(571)	28	46	79	(418)
Interest expense					(67)
Income taxes recovery					184
Loss attributable to general and limited partners					(301)
Additions to property, plant and equipment	684	-	5	-	689

TOTAL ASSETS

	March 31, 2016	December 31, 2015
(millions of Canadian dollars)		
Liquids Pipelines	**22,685**	22,003
Gas Pipelines	**424**	438
Green Power	**2,343**	2,363
Eliminations and Other	**1,089**	830
	26,541	25,634

4. ACQUISITION

On September 1, 2015, EIPLP acquired 100% interests in the Purchased Entities from Enbridge and certain subsidiaries of Enbridge. Consideration was $33.2 billion, inclusive of working capital adjustments.

The components of the consideration for this acquisition were as follows:

September 1,	2015
(millions of Canadian dollars, except for unit amounts)	
Cash[1]	2,725
Class C units (442,923,363 units at $35.44 per unit)	15,697
Class E unit	475
Special interest rights (1,000 units)	2,565
Long-term debt assumed	11,707
	33,169

[1] Includes a final working capital adjustment of $13 million recognized on March 30, 2016.

The acquisition of the Purchased Entities was accounted for as a transaction between entities under common control, similar to a pooling of interests, whereby the assets and liabilities of the Purchased Entities were recorded at Enbridge's historic carrying values, with any difference from consideration paid charged to partners' capital.

The final purchase price was recorded as follows:

September 1,	2015
(millions of Canadian dollars)	
Cash	37
Accounts receivable and other	426
Accounts receivable from affiliates	13
Property, plant and equipment, net	18,192
Investment in affiliated company	514
Long-term investments	22
Deferred amounts and other assets	1,410
Intangible assets, net	136
Accounts payable and other	(912)
Accounts payable to affiliates	(311)
Interest payable	(42)
Other long-term liabilities	(1,970)
Loans from affiliates	(239)
Deferred income taxes	(892)
	16,384
Excess purchase price over book value of net assets acquired[1]	16,785
Total consideration	33,169

[1] Includes a final working capital adjustment of $13 million recognized on March 30, 2016.

5. VARIABLE INTEREST ENTITIES

On January 1, 2016, EIPLP adopted ASU 2015-02 using the modified retrospective transition approach, which amended and clarified the guidance on VIEs. While the new guidance did not impact EIPLP's accounting treatment conclusion on various entities, additional disclosure regarding these VIEs are necessary. These disclosures are included below.

EIPLP is required to consolidate a VIE in which it is the primary beneficiary. The primary beneficiary has both the power to direct the activities of the VIE that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the VIE entity that could potentially be significant to the VIE.

EIPLP assesses all variable interests in the entity and uses its judgment when determining if EIPLP is the primary beneficiary. Other qualitative factors that are considered include decision-making responsibilities, the VIE capital structure, risk and rewards sharing, contractual agreements with the VIE, voting rights and level of involvement of other parties. A reconsideration of whether an entity is a VIE occurs when there are certain changes in the facts and circumstances related to a VIE. EIPLP assesses the primary beneficiary determination for a VIE on an ongoing basis.

CONSOLIDATED VARIABLE INTEREST ENTITIES

Enbridge SL Holdings LP

Enbridge SL Holdings LP (SL Holdings LP) is a Canadian limited partnership which holds the Canadian portion of Southern Lights Pipeline. SL Holdings LP is considered a VIE as it does not have sufficient equity at risk to finance its activities without additional subordinated financial support. As the partnership is 100% owned and directed by EIPLP and/or its subsidiaries with no third parties having the ability to direct any of the significant activities, EIPLP is considered the primary beneficiary. At March 31, 2016, the total carrying amounts of current liabilities and long-term liabilities of SL Holdings LP on the Consolidated Statements of Financial Position are $42 million and $325 million, respectively. The creditors of SL Holdings LP do not have recourse to EIPLP's general credit, other than through nominal assets of the holding company with the general partnership interest.

Other Limited Partnerships

By virtue of a lack of substantive kick-out rights and participating rights, substantially all limited partnerships wholly owned by EIPLP and/or its subsidiaries are considered VIEs. As these entities are 100% owned and directed by EIPLP with no third parties having the ability to direct any of the significant activities, EIPLP is considered the primary beneficiary.

At March 31, 2016, the total carrying amounts of current liabilities and long-term liabilities for these limited partnerships on the Consolidated Statements of Financial Position are $25 million and $67 million, respectively. The creditors of these VIEs do not have recourse to EIPLP's general credit, other than through nominal assets of the holding company with the general partnership interest.

UNCONSOLIDATED VARIABLE INTEREST ENTITY

EIPLP currently holds a long-term receivable in Southern Lights Holdings, L.L.C. (SL Holdings LLC), an indirect wholly-owned subsidiary of Enbridge, which holds the United States portion of Southern Lights Pipeline (Southern Lights US). The long-term receivable consists of EIPLP's ownership of Class A Units of SL Holdings LLC (Southern Lights Class A Units) and provides EIPLP with a defined cash flow stream from Southern Lights US. SL Holdings LLC is considered a VIE as it does not have sufficient equity at risk to finance its activities without additional subordinated financial support. As the units owned by EIPLP do not allow for it to vote on any significant matters or share in any decision making with respect to the VIE's operations, EIPLP is not considered the primary beneficiary of the VIE. EIPLP's maximum exposure to loss equates to the carrying amount of EIPLP's long-term receivable in the VIE, a value of which declines to nil over the life of the investment. The carrying value of long-term receivable in SL Holdings LLC is $787 million as at March 31, 2016 (December 31, 2015 - $844 million) included in Accounts receivable from affiliates and Long-term receivable from affiliate on the Consolidated Statements of Financial Position.

6. ASSET RETIREMENT OBLIGATIONS

During the three months ended March 31, 2016, EIPLP recognized asset retirement obligations (ARO) in the amount of $42 million, relating to the Canadian portion of the Line 3 Replacement Program.

EIPLP records ARO at fair value in the period in which they can be reasonably determined. Fair value is determined based on expected future cash flows and estimated retirement periods, as well as discount and inflation rates. As at March 31, 2016, ARO of $89 million (December 31, 2015 - $46 million) was classified within Other long-term liabilities, with an offset to Property, plant and equipment on the Consolidated Statements of Financial Position.

7. PARTNERS' INTERESTS

EXCHANGEABLE UNITS
Class C Units

	Three months ended March 31, 2016	
	Number of units	Amount
(millions of Canadian dollars; number of units in millions)		
Balance at beginning of period	**443**	**12,189**
Excess purchase price over historical carrying value acquired allocation *(Note 4)*	**-**	**(7)**
Earnings allocation	**-**	**384**
Class C unit distribution	**-**	**(237)**
	443	**12,329**
Fair market value adjustment	**-**	**520**
Balance at end of period	**443**	**12,849**

Class D Units

	Three months ended March 31, 2016	
	Number of units	Amount
(millions of Canadian dollars, except number of units)		
Balance at beginning of period	**1,394,096**	**38**
Class D units issued[1]	**2,045,976**	**58**
Earnings allocation	**-**	**3**
Class D unit distribution[2]	**37,532**	**(1)**
	3,477,604	**98**
Fair market value adjustment	**-**	**3**
Balance at end of period	**3,477,604**	**101**

[1] *Class D units issued on payment of Temporary Performance Distribution Right distributions.*
[2] *Class D units issued on payment of Class D unit distributions.*

8. COMPONENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

Changes in AOCI for the three months ended March 31, 2016 and 2015 are as follows:

	Cash Flow Hedges	Cumulative Translation Adjustment	Total
(millions of Canadian dollars)			
Balance at January 1, 2016	**(172)**	**88**	**(84)**
Other comprehensive loss retained in AOCI	**(137)**	**(34)**	**(171)**
Other comprehensive (income)/loss reclassified to earnings			
Interest rate contracts[1]	**3**	**-**	**3**
Commodity contracts[2]	**(3)**	**-**	**(3)**
	(137)	**(34)**	**(171)**
Tax impact			
Income tax on amounts retained in AOCI	**37**	**-**	**37**
	37	**-**	**37**
Balance at March 31, 2016	**(272)**	**54**	**(218)**

	Cash Flow Hedges	Cumulative Translation Adjustment	Total
(millions of Canadian dollars)			
Balance at January 1, 2015	(81)	8	(73)
Other comprehensive income/(loss) retained in AOCI	(90)	36	(54)
Other comprehensive loss reclassified to earnings			
Commodity contracts[2]	(2)	-	(2)
	(92)	36	(56)
Tax impact			
Income tax on amounts retained in AOCI	23	-	23
Income tax on amounts reclassified to earnings	1	-	1
	24	-	24
Balance at March 31, 2015	(149)	44	(105)

[1] *Reported within Interest income/(expense) in the Consolidated Statements of Earnings.*

[2] *Reported within Electricity sales revenues and Other income/(expense) in the Consolidated Statements of Earnings.*

9. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

MARKET RISK

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

The following summarizes the types of market price risks to which EIPLP is exposed and the risk management instruments used to mitigate them. EIPLP uses a combination of qualifying and non-qualifying derivative instruments to manage the risks noted below.

Interest Rate Risk

EIPLP's earnings, cash flows and OCI are exposed to short-term interest rate variability due to the regular repricing of its variable rate debt, primarily commercial paper. Pay fixed-receive floating interest rate swaps are used to hedge against the effect of future interest rate movements. EIPLP has implemented a program to significantly mitigate the volatility of short-term interest rates on interest expense through 2019 with the execution of floating to fixed rate interest rate swaps with an average swap rate of 1.5%.

EIPLP's earnings, cash flows and OCI are also exposed to variability in longer term interest rates ahead of anticipated fixed rate debt issuances. Forward starting interest rate swaps are used to hedge against the effect of future interest rate movements. EIPLP has implemented a program to significantly mitigate its exposure to long-term interest rate variability on select forecast term debt issuances through 2019 with the execution of floating to fixed rate interest rate swaps with an average swap rate of 3.1%.

EIPLP's portfolio mix of fixed and variable rate debt instruments is managed at the Fund Group level, which is comprised of Enbridge Income Fund, Enbridge Commercial Trust (ECT), EIPLP and its subsidiaries and investees.

Foreign Exchange Risk

EIPLP generates certain revenues, incurs expenses and holds investments and subsidiaries that are denominated in currencies other than Canadian dollars. As a result, EIPLP's earnings, cash flows and OCI are exposed to fluctuations resulting from foreign exchange rate variability.

EIPLP has implemented a policy whereby, at a minimum, it hedges a level of foreign currency denominated cash flow exposures over a five year forecast horizon. A combination of qualifying and non-qualifying derivative instruments is used to hedge anticipated foreign currency denominated revenues and expenses, and to manage variability in cash flows.

Commodity Price Risk

EIPLP's earnings, cash flows and OCI are exposed to changes in commodity prices as a result of its ownership interest in certain assets and investments. These commodities primarily consist of crude oil and power. EIPLP employs financial derivative instruments to fix a portion of the variable price exposures that arise from physical transactions involving these commodities. EIPLP may use a combination of qualifying and non-qualifying derivative instruments to manage commodity price risk.

TOTAL DERIVATIVE INSTRUMENTS

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

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

March 31, 2016	Derivative Instruments Used as Cash Flow Hedges	Non-Qualifying Derivative Instruments	Total Gross Derivative Instruments as Presented	Amounts Available for Offset	Total Net Derivative Instruments
(millions of Canadian dollars)					
Accounts receivable and other					
Foreign exchange contracts	-	20	20	(2)	18
Interest rate contracts	2	-	2	(2)	-
Commodity contracts	9	7	16	(6)	10
	11	27	38[1]	(10)	28
Deferred amounts and other assets					
Foreign exchange contracts	2	1	3	(1)	2
Commodity contracts	13	-	13	(12)	1
	15	1	16	(13)	3
Accounts payable and other					
Foreign exchange contracts	-	(319)	(319)	2	(317)
Interest rate contracts	(145)	-	(145)	2	(143)
Commodity contracts	-	(32)	(32)	6	(26)
	(145)	(351)	(496)[2]	10	(486)
Other long-term liabilities					
Foreign exchange contracts	-	(1,350)	(1,350)	1	(1,349)
Interest rate contracts	(164)	-	(164)	-	(164)
Commodity contracts	-	(167)	(167)	12	(155)
	(164)	(1,517)	(1,681)	13	(1,668)
Total net derivative asset/(liability)					
Foreign exchange contracts	2	(1,648)	(1,646)	-	(1,646)
Interest rate contracts	(307)	-	(307)	-	(307)
Commodity contracts	22	(192)	(170)	-	(170)
	(283)	(1,840)	(2,123)	-	(2,123)

December 31, 2015	Derivative Instruments Used as Cash Flow Hedges	Non-Qualifying Derivative Instruments	Total Gross Derivative Instruments as Presented	Amounts Available for Offset	Total Net Derivative Instruments
(millions of Canadian dollars)					
Accounts receivable and other					
Foreign exchange contracts	1	1	2	-	2
Interest rate contracts	1	-	1	(1)	-
Commodity contracts	7	9	16	(5)	11
	9	10	19[1]	(6)	13
Deferred amounts and other assets					
Foreign exchange contracts	2	-	2	-	2
Commodity contracts	6	1	7	(6)	1
	8	1	9	(6)	3
Accounts payable and other					
Foreign exchange contracts	-	(430)	(430)	-	(430)
Interest rate contracts	(86)	-	(86)	1	(85)
Commodity contracts	-	(29)	(29)	5	(24)
	(86)	(459)	(545)[2]	6	(539)
Other long-term liabilities					
Foreign exchange contracts	-	(1,860)	(1,860)	-	(1,860)
Interest rate contracts	(77)	-	(77)	-	(77)
Commodity contracts	-	(159)	(159)	6	(153)
	(77)	(2,019)	(2,096)	6	(2,090)
Total net derivative asset/(liability)					
Foreign exchange contracts	3	(2,289)	(2,286)	-	(2,286)
Interest rate contracts	(162)	-	(162)	-	(162)
Commodity contracts	13	(178)	(165)	-	(165)
	(146)	(2,467)	(2,613)	-	(2,613)

[1] *Reported within Accounts receivable and other (2016 - $24 million; 2015 - $7 million) and Accounts receivable from affiliates (2016 - $14 million; 2015 - $12 million) on the Consolidated Statements of Financial Position.*

[2] *Reported within Accounts payable and other (2016 - $103 million; 2015 - $87 million) and Accounts payable to affiliates (2016 - $393 million; 2015 - $458 million) on the Consolidated Statements of Financial Position.*

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

March 31, 2016	2016	2017	2018	2019	2020	Thereafter
Interest rate contracts - short-term borrowings *(millions of Canadian dollars)*	**1,222**	**1,498**	**511**	**36**	**25**	**216**
Interest rate contracts - long-term debt *(millions of Canadian dollars)*	**780**	**560**	**610**	**200**	**-**	**-**
Foreign exchange contracts - United States dollar forwards - sell *(millions of United States dollars)*	**1,479**	**1,577**	**2,014**	**1,807**	**1,424**	**787**
Foreign exchange contracts - United States dollar forwards - purchase *(millions of United States dollars)*	**116**	**2**	**2**	**2**	**2**	**-**
Commodity contracts - power *(megawatt hours (MWH))*	**42**	**40**	**30**	**31**	**35**	**(35)**

December 31, 2015	2016	2017	2018	2019	2020	Thereafter
Interest rate contracts - short-term borrowings *(millions of Canadian dollars)*	1,507	1,498	511	36	25	216
Interest rate contracts - long-term debt *(millions of Canadian dollars)*	780	560	610	200	-	-
Foreign exchange contracts - United States dollar forwards - sell *(millions of United States dollars)*	1,568	1,564	2,008	1,807	1,424	787
Foreign exchange contracts - United States dollar forwards - purchase *(millions of United States dollars)*	119	2	2	2	2	-
Commodity contracts - power *(MWH)*	40	40	30	31	35	(35)

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

The following table presents the effect of cash flow hedges on EIPLP's consolidated earnings and consolidated comprehensive income, before the effect of income taxes.

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Amount of unrealized gains/(loss) recognized in OCI		
Cash flow hedges		
Foreign exchange contracts	**(1)**	1
Interest rate contracts	**(148)**	(105)
Commodity contracts	**12**	12
	(137)	(92)
Amount of (gains)/loss reclassified from AOCI to earnings *(effective portion)*		
Interest rate contracts[1]	**3**	1
Commodity contracts[2]	**(3)**	(2)
	-	(1)
Amount of loss reclassified from AOCI to earnings *(ineffective portion and amount excluded from effectiveness testing)*		
Interest rate contracts[1]	**-**	2
	-	2

[1] *Reported within Interest expense in the Consolidated Statements of Earnings.*

[2] *Reported within Electricity sales revenues and Other income in the Consolidated Statements of Earnings.*

EIPLP estimates that an insignificant amount of AOCI related to cash flow hedges will be reclassified to earnings in the next 12 months. Actual amounts reclassified to earnings depend on the interest rates, foreign exchange rates and commodity prices in effect when derivative contracts that are currently outstanding mature. For all forecasted transactions, the maximum term over which EIPLP is hedging exposures to the variability of cash flows is 45 months at March 31, 2016.

Non-Qualifying Derivatives

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

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Foreign exchange contracts[1]	**641**	(852)
Commodity contracts[2]	**(14)**	(35)
Total unrealized derivative fair value gains/(loss)	**627**	(887)

[1] Reported within Transportation and other services revenues (2016 - $584 million gain; 2015 - $793 million loss) and Other income/(expense) (2016 - $57 million gain; 2015 - $59 million loss) in the Consolidated Statements of Earnings.

[2] Reported within Transportation and other services revenues (2016 - $1 million loss; 2015 - $3 million loss) and Operating and administrative expense (2016 - $13 million loss; 2015 - $32 million loss) in the Consolidated Statements of Earnings.

LIQUIDITY RISK

Liquidity risk is the risk EIPLP will not be able to meet its financial obligations, including commitments and guarantees, as they become due. In order to manage this risk, EIPLP forecasts cash requirements over the near and long term to determine whether sufficient funds will be available when required. EIPLP generates cash from operations, commercial paper issuances and credit facility draws, through the periodic issuance of public term debt and issuance of units to its partners. Additionally, to ensure ongoing liquidity and to mitigate the risk of market disruption, EIPLP maintains a level of committed bank credit facilities. EIPLP actively manages its bank funding sources to optimize pricing and other terms. Additional liquidity, if necessary, is expected to be available through intercompany transactions with Enbridge or other related entities.

CREDIT RISK

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

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

	March 31, 2016	December 31, 2015
(millions of Canadian dollars)		
Canadian financial institutions	**12**	1
European financial institutions	**6**	1
Other[1]	**16**	15
	34	17

[1] Other is comprised of primarily Enbridge and its affiliates.

Derivative assets are adjusted for non-performance risk of EIPLP's counterparties using their credit default swap spread rates, and are reflected in the fair value. For derivative liabilities, EIPLP's non-performance risk is considered in the valuation.

Credit risk also arises from trade and other long-term receivables, and is mitigated through credit exposure limits, contractual requirements, assessment of credit ratings and netting arrangements. Generally, EIPLP classifies and provides for receivables older than 30 days as past due. The maximum exposure to credit risk related to non-derivative financial assets is their carrying value.

FAIR VALUE MEASUREMENTS

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

EIPLP categorizes its financial instruments 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 derivatives 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 derivative is considered to be a market where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. EIPLP does not have any financial instruments valued using Level 1 inputs.

Level 2

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

EIPLP has also categorized the fair value of its Investment in affiliated company and long-term debt as Level 2. The fair value is based on quoted market prices for instruments of similar yield, credit risk and tenor.

Level 3

Level 3 includes derivative valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the derivatives' fair value. Generally, Level 3 derivatives 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. EIPLP has developed methodologies, benchmarked against industry standards, to determine fair value for these derivatives based on extrapolation of observable future prices and rates. Derivatives valued using Level 3 inputs include long-dated derivative power contracts, basis swaps, commodity swaps, power and energy swaps, options and long-dated commodity derivative contracts.

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

Fair Value of Derivatives

EIPLP has categorized its derivative assets and liabilities measured at fair value as follows:

March 31, 2016	Level 1	Level 2	Level 3	Total Gross Derivative Instruments
(millions of Canadian dollars)				
Financial assets				
Current derivative assets				
Foreign exchange contracts	**-**	**20**	**-**	**20**
Interest rate contracts	**-**	**2**	**-**	**2**
Commodity contracts	**-**	**7**	**9**	**16**
	-	**29**	**9**	**38**
Long-term derivative assets				
Foreign exchange contracts	**-**	**3**	**-**	**3**
Commodity contracts	**-**	**-**	**13**	**13**
	-	**3**	**13**	**16**
Financial liabilities				
Current derivative liabilities				
Foreign exchange contracts	**-**	**(319)**	**-**	**(319)**
Interest rate contracts	**-**	**(145)**	**-**	**(145)**
Commodity contracts	**-**	**-**	**(32)**	**(32)**
	-	**(464)**	**(32)**	**(496)**
Long-term derivative liabilities				
Foreign exchange contracts	**-**	**(1,350)**	**-**	**(1,350)**
Interest rate contracts	**-**	**(164)**	**-**	**(164)**
Commodity contracts	**-**	**-**	**(167)**	**(167)**
	-	**(1,514)**	**(167)**	**(1,681)**
Total net financial asset/(liability)				
Foreign exchange contracts	**-**	**(1,646)**	**-**	**(1,646)**
Interest rate contracts	**-**	**(307)**	**-**	**(307)**
Commodity contracts	**-**	**7**	**(177)**	**(170)**
	-	**(1,946)**	**(177)**	**(2,123)**

December 31, 2015	Level 1	Level 2	Level 3	Total Gross Derivative Instruments
(millions of Canadian dollars)				
Financial assets				
Current derivative assets				
Foreign exchange contracts	-	2	-	2
Interest rate contracts	-	1	-	1
Commodity contracts	-	8	8	16
	-	11	8	19
Long-term derivative assets				
Foreign exchange contracts	-	2	-	2
Commodity contracts	-	-	7	7
	-	2	7	9
Financial liabilities				
Current derivative liabilities				
Foreign exchange contracts	-	(430)	-	(430)
Interest rate contracts	-	(86)	-	(86)
Commodity contracts	-	-	(29)	(29)
	-	(516)	(29)	(545)
Long-term derivative liabilities				
Foreign exchange contracts	-	(1,860)	-	(1,860)
Interest rate contracts	-	(77)	-	(77)
Commodity contracts	-	-	(159)	(159)
	-	(1,937)	(159)	(2,096)
Total net financial asset/(liability)				
Foreign exchange contracts	-	(2,286)	-	(2,286)
Interest rate contracts	-	(162)	-	(162)
Commodity contracts	-	8	(173)	(165)
	-	(2,440)	(173)	(2,613)

The significant unobservable inputs used in fair value measurement of Level 3 derivative instruments were as follows:

March 31, 2016	Fair value	Unobservable Input	Minimum Price	Maximum Price	Weighted Average Price	Unit of Measurement
(fair value in millions of Canadian dollars)						
Commodity contracts - financial[1]						
Power	(177)	Forward power price	18.50	69.55	49.76	$/MWH

[1] *Financial and physical forward commodity contracts are valued using a market approach valuation technique.*

If adjusted, the significant unobservable inputs disclosed in the table above would have a direct impact on the fair value of EIPLP's Level 3 derivative instruments. The significant unobservable inputs used in the fair value measurement of Level 3 derivative instruments include forward commodity prices and, for option contracts, price volatility. Changes in forward commodity prices could result in significantly different fair values for EIPLP's Level 3 derivatives. Changes in price volatility would change the value of the option contracts. Generally speaking, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of price volatility.

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

	Three months ended March 31,	
	2016	2015
(millions of Canadian dollars)		
Level 3 net derivative liability at beginning of period	**(173)**	(173)
Total loss, unrealized		
Included in earnings[1]	**(11)**	(32)
Included in OCI	**7**	9
Settlements	**-**	-
Level 3 net derivative liability at end of period	**(177)**	(196)

[1] *Reported within Transportation and other services revenues, Commodity costs and Operating and administrative expense in the Consolidated Statements of Earnings.*

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

Fair Value of Other Financial Instruments

At March 31, 2016, EIPLP's long-term debt had a carrying value of $6,165 million (December 31, 2015 - $5,589 million) and a fair value of $6,528 million (December 31, 2015 - $5,833 million).

At March 31, 2016, Enbridge Pipelines Inc., a subsidiary of EIPLP, had an investment of $514 million (December 31, 2015 - $514 million) in non-voting, redeemable Series A Preferred Shares in Enbridge Employee Services Canada Inc. EIPLP has classified this investment in affiliated company as available-for-sale debt security and carries it at fair value, with changes in fair value recorded in OCI. As at March 31, 2016, the fair value of this investment approximates its cost and redemption value.

EIPLP holds Southern Lights Class A Units, providing defined, scheduled and fixed distributions that represent the equity cash flows derived from the core rate base of Southern Lights US until June 30, 2040. At March 31, 2016, EIPLP's investment had a carrying value of $787 million (December 31, 2015 - $844 million) included in Accounts receivable from affiliates and Long-term receivable from affiliate on the Consolidated Statements of Financial Position and a fair value of $756 million (December 31, 2015 - $820 million).

10. INCOME TAXES

The effective tax rate for the three months ended March 31, 2016 was 22.1% (2015 - 38.1%). The most significant factors contributing to the effective tax rate decrease were the rate-regulated tax benefit relative to the change in earnings, the non-taxable portion of unrealized foreign exchange capital gains and losses and non-taxable dividends and partnership income relative to the change in earnings. These factors were partially offset by the 2% increase in the Alberta corporate tax rate which was enacted on June 29, 2015 and the discontinuance of rate-regulated accounting for the majority of Alliance Pipelines' operations.

11. CONTINGENCIES

OTHER LITIGATION

EIPLP and its subsidiaries and investees are subject to various other legal and regulatory actions and proceedings which arise in the normal course of business, including interventions in regulatory proceedings and challenges to regulatory approvals and permits by special interest groups. While the final outcome of such actions and proceedings cannot be predicted with certainty, EIPLP believes that the resolution of such actions and proceedings will not have a material impact on its consolidated financial position or results of operations.

12. SUBSEQUENT EVENT

On April 20, 2016, EIPLP issued 25.4 million Class A units to ECT for gross proceeds of $718 million.