



 **FortChicago**

**2009**

REPORT TO  
UNITHOLDERS

PIPELINES. NGL. POWER.



We own and operate energy infrastructure assets across North America within three principal business segments – pipeline transportation, natural gas liquids, and power.

Strength, stability and growth are the key components of our long-term strategy. Each of our businesses play an important role in meeting North America's overall energy requirements.

The strength and stability of our long-life, high-quality assets, combined with prudent capital management, serve to reduce volatility and increase the predictability of our financial results.

Large stable businesses serve as our foundation. Guided by the vision, patience, and investment discipline of our management team, we continue to proactively grow our asset base following value-oriented investment criteria.

## **strength. stability. growth.**

(\$ Thousands, except where noted)	2009	2008
Revenues	649,133	701,430
Net income	37,575	61,499
Per Unit (\$)	0.28	0.46
Adjusted net income <sup>(1)</sup>	83,539	72,104
Per Unit (\$)	0.61	0.54
Cash from operating activities	210,743	262,612
Distributable cash <sup>(1)</sup>	149,067	160,149
Per Unit (\$)	1.10	1.20
Distributions paid/payable	136,079	133,150
Per Unit (\$)	1.00	1.00

(1) This item is not a standard measure under GAAP and may not be comparable to similar measures presented by other entities. See section entitled "Non-GAAP Financial Measures" contained in our 2009 MD&A.

Fort Chicago Energy Partners L.P. is a TSX-listed (FCE.UN) Alberta limited partnership based in Calgary. Established in 1997, Fort Chicago has generated consistent and growing distributions per Unit.

For more information about Fort Chicago, please visit [www.fortchicago.com](http://www.fortchicago.com)

## PRESIDENT'S LETTER TO UNITHOLDERS

2009 got off to a rough start. The global recession had stagnated industrial activity in North America. This weakened demand for oil, natural gas and natural gas liquids. Energy prices plummeted from record-breaking heights achieved only six short months earlier.

Nervous investors, uncertain about the depth and length of this recession, withdrew record funds from the capital markets. This uncertainty was reflected in our unit price, which dropped from its 2008 average of \$9.91 to a low of \$6.57 in March 2009.

Despite the weak economic environment, we were confident our high-quality, contracted assets would continue to deliver steady, stable cash flows.

As it turned out, we were able to generate value even in a recessionary year. Our pipeline and NGL businesses either met or exceeded our expectations by generating strong results from operations. Our power business was also on track to report solid financial results, but was dealt a regulatory setback in California in August. I'll discuss this in more detail later.

### PREDICTABLE, SOLID PERFORMANCE FROM OUR PIPELINE BUSINESS

#### Alliance

I never tire of telling you Alliance had another solid year. It is our crown jewel asset. The Alliance pipeline system is state-of-the-art, and, under the fine leadership of Murray Birch, the people who run it are top-notch.

Alliance is underpinned by long-term, take-or-pay contracts with creditworthy customers, and has no exposure to commodity price fluctuations. We knew it would perform well in a tough economy and it did. Alliance's 2009 earnings are about the same as they were for the previous year, once you normalize the effect of a one-time gain recorded in 2008.

2010 is an important year for Alliance as, beginning December 1, shippers holding long-term contracts can give notice as to whether they will renew their contracts beyond 2015. Recontracting is a major priority for Alliance management. Alliance has focused on the contract renewal

process by pursuing initiatives that strengthen the system's long-term competitive position and maintaining an open dialogue with shippers.

#### AEGS

I don't tend to say a lot about AEGS. Its earnings are so predictable I just end up repeating myself. AEGS continues to be a great asset for us and a critical piece of infrastructure for Alberta's sizable petrochemical industry.

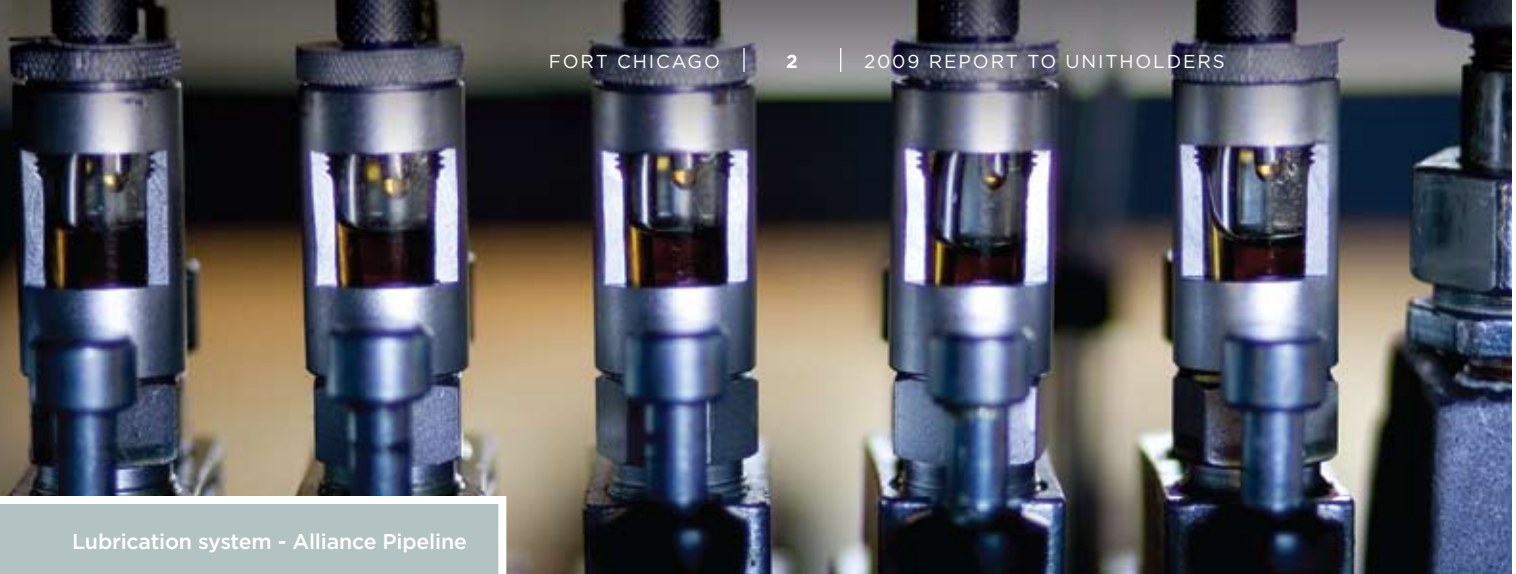
Although AEGS transported lower volumes of ethane in 2009 compared to 2008 due to reduced natural gas deliveries in Alberta, particularly at its eastern gate at Empress, earnings remained consistent with historical levels due to AEGS' take-or-pay contract structure. We expect 2010 financial results to be similar, with volumes decreasing slightly from 2009 levels.

### EARNINGS AND CASH FLOWS FROM OUR NGL BUSINESS EXCEEDED EXPECTATIONS

#### Aux Sable

Analysts often describe Aux Sable's earnings as "volatile". While it's true Aux Sable's earnings fluctuate with the relative value of natural gas liquids, "volatile" has a negative connotation. Moreover, it misses the point that Aux Sable's profit-sharing contract limits the downside of pricing fluctuations.

Over the course of the year, the price of oil strengthened considerably, while the price of natural gas languished. Aux Sable does very well in this pricing environment. The liquids component of the Aux Sable gas stream is typically based upon crude oil pricing while Aux Sable's input cost to produce these products is based upon natural gas pricing. In the end, Aux Sable's 2009 earnings were higher than we expected.



Lubrication system - Alliance Pipeline

Bill McAdam does an excellent job of leading Aux Sable. He and his team are committed to operational excellence, which is demonstrated by their stellar safety record.

Bill is working collaboratively with Alliance to find new sources of liquids-rich gas to process at the Channahon facility. Aux Sable completed an important step in this direction through a strategic partnership with Crew Energy Inc. This partnership led to Aux Sable purchasing the Septimus Gas Plant from Crew in December 2009. The plant is located in the liquids-rich Montney region. Aux Sable is further leveraging its position by constructing a 20-inch, 20-kilometre gas pipeline, expected to be in service in the second quarter of 2010. It will transport sweet, rich gas from Septimus to an interconnection point on the Alliance pipeline for delivery to the Channahon processing facility. Aux Sable and Crew are exploring other related initiatives, including expanding the capacity of the Septimus plant.

### **THE POWER BUSINESS PROVIDES A PLATFORM FOR GROWTH**

Over the past three years we've focused a lot of energy on growing our power business. Although we've suffered a few setbacks along the way, we've been successful in developing and acquiring power assets with long-term contracts where the majority of EBITDA is generated from capacity payments. I like the capacity payment contract model. It generates predictable cash flow that isn't subject to commodity price fluctuations.

#### **East Windsor Cogeneration**

Our biggest power business-related achievement was completing the 86 megawatt East Windsor Cogeneration facility in November. This new power facility, in which we hold a 50 percent ownership interest, will generate highly predictable cash flows under a 20-year contract with the Ontario Power Authority. This achievement was

the culmination of years of hard work. I congratulate our partners at Pristine Power and the East Windsor team for bringing this project to completion essentially on time and on budget.

#### **Incremental cash flows from new contracts**

Also in 2009, we received a boost in capacity-generated cash flows from our London cogeneration and Brush facilities. The London cogen facility began operations at the end of 2008 under a 20-year contract with the Ontario Power Authority. Brush's new contract, which came into effect on October 1, 2009, allows for increased capacity revenues.

#### **Our California power assets were dealt a setback by the regulator**

We did not meet our 2009 goal to increase earnings from our California power assets as their profitability was adversely impacted by a regulatory decision. The California Public Utilities Commission regulates power generation in the state. In August 2009, the CPUC released a long-awaited decision on Short Run Avoided Cost energy pricing for certain power facilities, including our Ripon and San Gabriel cogeneration facilities. The SRAC changes make it less economic for us to dispatch electricity from these facilities. As a result, we expect annual cash flows to be lower by US\$3 million to US\$4 million going forward. Importantly, the regulator didn't alter capacity payment calculations, which is the primary source of cash flows for these facilities.

When this kind of change occurs, we are required to reassess the value of the affected assets for accounting purposes. The financial statement impact is a significant, one-time non-cash write down in the value of our California power facilities, offsetting a large portion of our other 2009 earnings. I'm very disappointed we've had to cap an otherwise strong year with this sizable write down.

Turbine blade - San Gabriel Cogeneration

### **We continue to focus on growing our power business**

Throughout the year, we evaluated a number of power acquisition opportunities as the economic environment drove owners of various power facilities to divest. While it's easy to be caught up in the excitement of acquisition activity, we remain focused on transactions that create long-term unitholder value. In most cases, another party was willing to pay amounts that left us scratching our heads. I'm convinced some of the best decisions we made this year were to walk away.

We didn't come away completely empty-handed. In December, we announced an agreement to acquire the Glen Park facility, a 33 megawatt run-of-river hydro-power generation facility located on the Black River in upstate New York. This long-life, environmentally-friendly facility will contribute a new source of cash flow for our power business.

The power business provides an important growth platform for Fort Chicago and we're committed to finding new opportunities to increase the value of this business segment.

### **OUR FINANCIAL STRENGTH IS ONE OF OUR KEY COMPETITIVE ADVANTAGES**

Our ability to complete future growth initiatives will depend on our continued focus on maintaining financial strength and access to capital.

We've always paid close attention to our capital structure, taking care to not over-burden our businesses with excessive amounts of debt. We have also been diligent about structuring the majority of our debt to amortize over the same period the underlying assets generate cash flow. We believe this makes us unique among our peers.

During 2009, we enhanced our financial flexibility by issuing \$200 million of five-year senior notes. These notes, supported with investment-grade credit ratings, were well

received by the market. We used the proceeds from this note offering, as well as \$25 million from a new term loan agreement, to repay amounts previously drawn on our revolving credit facilities. As a result, our credit facilities are now largely undrawn.

### **OUR 2010 PRIORITIES**

Having navigated through a tough year, our objectives for 2010 remain largely consistent with 2009.

We'll continue to pursue growth opportunities for our power business through acquisition and greenfield development. Our primary focus will be long-lived assets, particularly those with capacity payment-based contracts.

We'll also continue to monitor the effect of shale gas development on North American natural gas supply. Alliance continues to focus on expanding its reach and the value of its unique rich-gas system. The Alliance and Aux Sable teams are excited by the massive shale gas discoveries in the Montney region and the solution gas associated with the shale oil discoveries in the Bakken region of Saskatchewan and North Dakota. Rich gas from both regions is being connected to the Alliance system for transport to Aux Sable's processing facility in Channahon.

We intend to advance the coordinated growth strategy of Alliance and Aux Sable to attract new sources of rich gas. Initiatives like the Septimus Gas Plant and its associated pipeline will provide new supply basins for Alliance, and increased NGL extraction opportunities for Aux Sable.

While the advent of shale gas in the Montney and Bakken regions will benefit Alliance and Aux Sable, natural gas from the shale regions of North America could affect the ultimate timing of our LNG terminal and related gas pipeline projects, Jordan Cove and Pacific Connector. Jordan Cove and Pacific Connector reached significant project milestones in 2009, each receiving U.S. Federal Energy Regulatory Commission



Wood fuel system - P.E.I. District Energy

approval to construct and operate their respective facilities. Further development of these facilities is dependent on our ability to secure necessary commercial commitments to drive the projects forward.

We will also continue to advance our Alton natural gas storage project in Nova Scotia. In 2009, we secured a contract with our first customer and we completed detailed engineering and environmental activities. We'll base our construction decision on commercial progress, with the objective of drilling our first wells and initiating the brining process for the underground cavern in 2010.

As well, we have a number of important corporate initiatives. We will position ourselves to refinance our credit facilities, which mature in 2011. On November 4, 2009, we announced our plans to convert to a taxable Canadian corporation by January 1, 2011. We intend to manage a smooth transition to a corporate structure. We expect to hold a special Unitholder meeting in the fourth quarter of 2010 to approve this conversion. This change, in and of itself, will not have much of an impact on you, other than you will become shareholders of our new corporation.

As a reflection of our desire and commitment to achieving our short and long-term objectives, we recently brought new talent and experience to our executive team. Richard Weech joined us in September as our Vice President, Finance and Chief Financial Officer. Shortly thereafter, David Holm joined us as Executive Vice President, Corporate and Business Development. Each will be instrumental in advancing our growth strategy.

## 2010 GUIDANCE UPDATE

On March 2, 2010, we updated our guidance for 2010 distributable cash to be in the range of \$0.85 per Unit to \$1.30 per Unit, increasing the low end of the range from previously issued guidance by \$0.05 per Unit. The updated range reflects Aux Sable's solid start to 2010 and an incremental contribution expected from the Glen Park acquisition. The updated guidance range also reflects an increase in the expected number of Units outstanding for 2010, as the forecast assumes we will leave our Distribution Reinvestment Plan activated for the remainder of 2010. Further details concerning 2010 guidance can be found in the "Investor Information" section of our website - [www.fortchicago.com](http://www.fortchicago.com).

In closing, I extend my thanks to our employees and to our board members for together navigating Fort Chicago through this turbulent year. Through their hard work and passion for excellence, Fort Chicago is well positioned to continue generating long-term value for you, our Unitholders.

Respectfully,

**Stephen H. White**  
President and Chief Executive Officer  
March 2, 2010

## BUSINESS OVERVIEW

Our businesses reflect an intentional and selective focus on high-quality, long-life, strategically-located energy infrastructure assets. Each of our pipeline, natural gas liquids and power assets plays a key role in meeting North America's energy needs.

### ALLIANCE AND AUX SABLE

Alliance Pipeline and Aux Sable Liquid Products are the original foundations of our business. Together, these businesses form a high value, total energy delivery system that is unique from any other long-haul natural gas transportation system in North America.

Alliance, of which we own 50 percent, operates a 3,000-kilometre, 1.325 billion cubic feet per day (firm service), high-pressure natural gas pipeline. This system connects western Canada's long-life natural gas reserves to large energy markets in the midwestern United States. Alliance transports a "rich" natural gas stream, primarily consisting of methane, but also including ethane, propane, butane and condensate, collectively referred to as "natural gas liquids" or "NGL(s)". Transporting NGLs within the gas stream provides for a higher energy value, or heat content, which reduces the volumetric transportation cost.

We own 42.7 percent of Aux Sable, which operates a world-scale NGL extraction and fractionation facility located close to the terminus of the Alliance pipeline, near Chicago, Illinois. Aux Sable has the exclusive right to extract and sell the NGLs transported by Alliance. Once extracted, the component NGL products are sold to petrochemical, refinery, specialty chemical and propane heating markets throughout the midwestern United States.

Alliance's significant gas gathering footprint in northwestern Alberta and northeastern British Columbia allows Alliance and Aux Sable to benefit from the region's traditional gas supply sources. Western Canada's emerging Montney shale gas play houses a potentially large new source of supply. Another important new supply source, closer to the U.S. market and within close proximity to Alliance, is the NGL-rich Bakken play that extends across southern Saskatchewan and North Dakota. Alliance and Aux Sable proactively seek to attract rich gas supplies into Alliance through the construction of new pipeline laterals, gas processing and inducement services and a variety of gas transportation tolling mechanisms.

Alliance and Aux Sable employ industry-leading experts to develop and expand their businesses. Initiatives include general system and operational enhancements on the Alliance pipeline to increase flows; improved NGL extraction efficiencies at the Aux Sable Channahon plant to increase NGL recoveries and sale volumes; new gas processing and pipeline investments to incentivize rich gas deliveries into Alliance; Aux Sable's development of an Alberta off-gas processing sector centered in Fort Saskatchewan's large industrial development zone; and, Aux Sable's evaluation of an Alberta-based ethane extraction facility on Alliance, which will provide a new, reliable source of ethane feedstock for Alberta's large petrochemical industry.

**Alliance transports "rich" gas consisting of methane, ethane, propane, butane and condensates, making it a unique energy transportation system in North America.**

### ALBERTA ETHANE GATHERING SYSTEM

Our wholly-owned Alberta Ethane Gathering System (AEGS) is the exclusive long-distance transporter of pure or "specification" ethane in Alberta. It links Alberta's world-scale petrochemical industry with the province's major natural gas liquids extraction facilities.

AEGS is comprised of three interconnected pipeline legs that span the southern and central portions of Alberta. It is 1,324 km in length and has an aggregate design capacity exceeding 320,000 barrels per day.

Ethane is the primary feedstock for making polyethylene, a building block of most plastics. AEGS is the only pipeline system that transports specification ethane to Alberta's petrochemical complexes at Joffre and Fort Saskatchewan, which are among the largest petrochemical plants in the world.

AEGS delivers substantively all of the ethane feedstock requirements for NOVA Chemicals' petrochemical complex located near Joffre, Alberta, and a large portion of Dow Chemical's requirements at Fort Saskatchewan, Alberta and Joffre. AEGS also provides connections to a large underground ethane storage facility located near Fort Saskatchewan.

Fort Chicago manages the long-term, ship-or-pay transportation agreements that provide a stable long-lived revenue stream and recovery of all operating costs.

AEGS is currently connected to the primary ethane sources within the province. In the longer term, additional receipts of ethane could be derived from oil sands bitumen upgrading and an Alberta-based ethane extraction facility on Alliance, as well as new gas supply basins.

## POWER

During the last three years we have grown our power generation business and continue to assess high-value, low-risk power investments. Our power assets consist of two district energy systems, a 100 percent interest in four gas-fired power facilities, a 50 percent interest in NRGreen, a 50 percent interest in East Windsor cogeneration, an approximate 12 percent ownership interest in Pristine Power Inc., and a planned acquisition of a run-of-river power generation facility.

The district energy systems, located in Charlottetown, Prince Edward Island, and London, Ontario, together have approximately 185 megawatts (MW) of thermal and electric generation capacity. These stable, long-term investments provide reliable operational service and excellent growth opportunities for providing steam and chilled water to new and existing customers.

The London cogeneration facility, a 17 MW power generation facility, was placed into service in December 2008 under a 20-year contract with the Ontario Power Authority. This facility also provides approximately 52 MW of incremental thermal energy to the London district energy system to meet its steam and chilled water demands.

We have two gas-fired cogeneration facilities located in California, the Ripon facility located east of San Francisco in the city of Ripon, and the San Gabriel facility located east of Los Angeles in the city of Pomona. The Ripon facility has a generation capacity of 49.5 MW, and sells its output to Pacific Gas & Electric. The San Gabriel facility has a generation capacity of 44.5 MW with sales to Southern California Edison.

Located in Brush, Colorado, northeast of Denver, our Brush II facility is a 70 MW gas-fired combined cycle power generation plant that operates under a long-term tolling agreement.

NRGreen owns and operates four 5 MW waste heat power generation units located adjacent to compressor units on the Saskatchewan segment of Alliance. NRGreen continues to evaluate opportunities for the economic deployment of waste heat generation units at other Alliance compressor stations, both in Canada and the United States, as well as other power generation projects not connected to the Alliance system. NRGreen is managed and operated by Alliance.



Boiler - Ripon Cogeneration

The East Windsor facility, which entered commercial operation in November, 2009, is an 86 MW natural gas fired cogeneration plant located adjacent to a Ford Motor Company operation in Windsor, Ontario. Its generated electricity feeds the Ontario market under a 20-year tolling agreement with the Ontario Power Authority. Process steam is sold to Ford for internal needs at its Windsor engine manufacturing site.

In late 2009, we contracted to acquire an established hydroelectric generating facility located on the Black River in upstate New York. This run-of-river facility has an installed capacity of 33 MW and operates under a 50-year license issued by the Federal Energy Regulatory Commission. The license is scheduled to expire in 2032.

Our ownership interest in Pristine Power Inc., a publicly-traded power development company, diversifies our power holdings and potentially provides new generation investment opportunities.

## PROJECT DEVELOPMENT

### Jordan Cove Energy

Worldwide growth in the demand for natural gas and the availability of large deposits of stranded natural gas resources has led to a global expansion of liquefied natural gas (LNG) infrastructure, including market-based import and regasification terminals. To participate in this long-term energy development we initiated the Jordan Cove and Pacific Connector energy projects. These projects are designed to provide the necessary infrastructure to allow global LNG supplies to efficiently reach natural gas markets in the western United States.

Jordan Cove's state-of-the-art LNG import terminal will be located within the International Port of Coos Bay in Coos County, Oregon. Development plans include LNG ship berthing and offloading, two 160,000 cubic meter LNG storage tanks, and regasification capability to produce 1 billion cubic feet per day of pipeline-transportable natural gas.

The proposed Pacific Connector gas pipeline is a 400-km, 36-inch diameter pipeline with an initial capacity of 1 billion cubic feet per day of natural gas, which will extend from the Jordan Cove terminal to Malin, Oregon. We are developing the Pacific Connector project in partnership with subsidiaries of The Williams Companies, Inc., and PG&E Corporation. The Pacific Connector will connect to interstate and utility pipeline systems located throughout the Pacific Northwest, California and Nevada.

Natural gas can be liquefied by cooling it to minus 162 Celsius, the point at which gas condenses to a liquid. Through this liquefaction process, the volume of natural gas is reduced by more than 600 times, making it cost-efficient to transport over long distances and safe to store. Upon arriving at an LNG import terminal by ship, the LNG is regasified in a highly controlled environment by passing it through vaporizers that slowly warm the LNG returning it to a gaseous state.



Junction box - Alliance Pipeline

Jordan Cove and Pacific Connector have reached significant project milestones. Each has received US Federal Energy Regulatory Commission approval to construct and operate their respective facilities. The next milestone is to secure lead tenants in order to initiate construction activities.

#### Alton Gas Storage

The Alton gas storage project is a proposed underground salt cavern storage facility near Alton, Nova Scotia. Fort Chicago owns 50 percent of this project. Alton has exceptional underground geological properties and is ideally located with access to existing natural gas supplies and pipeline infrastructure and within close proximity to highly liquid seasonal energy markets.

Eventually consisting of several caverns brined from a large, structurally stable salt formation, the initial focus of the Alton project is to have the capacity to store four to six billion cubic feet of natural gas to serve customers from Atlantic Canada through to the northeastern United States.

The Alton gas storage project has received all primary environmental approvals required to proceed with the development of the salt cavern storage facility. Construction will proceed once commercial arrangements are put in place with storage customers.

**Storage caverns are formed by dissolving and extracting salt from a large underground deposit, leaving an empty space in the formation. Essentially impermeable, salt caverns are ideal for storing high-pressure products ranging from natural gas to natural gas liquids, and even compressed air.**

## Officers

**Verne G. Johnson**  
Chairman

**Stephen H. White**  
President and Chief Executive Officer

**David I. Holm**  
Executive Vice President, Corporate and Business Development

**Richard G. Weech**  
Vice President, Finance and Chief Financial Officer

**Theresa Jang**  
Vice President, Controller

**Kevan S. King**  
Vice President, General Counsel and Secretary

**John J. O'Rourke**  
Vice President, Power

**Vern A. Wadey**  
Vice President, Business Development

## Board of Directors

**David J. Drybrough**<sup>(1, 2)</sup>, Winnipeg, Manitoba

**John E. Feick**<sup>(2, 3)</sup>, Calgary, Alberta

**Robert J. Iverach**<sup>(1, 2)</sup>, Calgary, Alberta

**Verne G. Johnson**<sup>(2, 3)</sup>, Calgary, Alberta

**Rebecca A. McDonald**<sup>(1, 3)</sup>, Houston, Texas

**Stephen W.C. Mulherin**<sup>(3)</sup>, Calgary, Alberta

**Robert T.F. Reid**<sup>(1, 3)</sup>, White Rock, British Columbia

**Bertrand A. Valdman**<sup>(1, 2)</sup>, Bellevue, Washington

**Stephen H. White**, Calgary, Alberta

(1) Member of the Audit Committee

(2) Member of the Corporate Governance and Nominating Committee

(3) Member of the Compensation Committee

## Publicly Traded Securities

Listed on the Toronto Stock Exchange:

### Class A Units

Trading Symbol: FCE.UN  
Distributions: Monthly  
Record Date: Last business day of each month  
Payment Date: 23rd day of the month following Record Date or, if not a business day, the prior business day

### 6.75% Convertible Debentures, Series B

Trading Symbol: FCE.DB.B  
Interest Payable: Semi-annually on June 30 and December 31

### 6.25% Exchangeable Debentures of Fort Chicago Power Ltd.

Trading Symbol: FCL.DB.U  
Interest Payable: Semi-annually on April 30 and October 31

## Transfer Agent and Registrar

### Computershare Trust Company Of Canada

600, 530 – 8th Avenue S.W.  
Calgary, Alberta T2P 3S8  
Phone: 1-800-564-6253  
Toll Free Fax: 1-888-453-0330  
Computershare also has offices in  
Vancouver, Toronto, Winnipeg, Montreal

## Notice of Annual and Special Meeting

2:00 p.m., April 29, 2010

Livingston Club Conference Centre • Livingston Place (South Tower)  
Plus 15, 222 – 3rd Avenue S.W. • Calgary, Alberta

All Unitholders are encouraged to attend.

## Class A Unit Ownership Restrictions

*Fort Chicago is organized in accordance with the terms and conditions of a limited partnership agreement which provides that no Class A Units may be transferred to, among other things, a person who is a "non-resident" of Canada, a person in which an interest would be a "tax shelter investment" or a partnership which is not a "Canadian partnership" for purposes of the Income Tax Act (Canada).*

## Forward-looking and Non-GAAP Information

*Certain information contained in this Report to Unitholders constitutes forward-looking information under applicable Canadian securities laws. All information, other than statements of historical fact, which addresses activities, events or developments that we expect or anticipate may or will occur in the future, is forward-looking information. Forward-looking information typically contains statements with words such as "may", "estimate", "anticipate", "believe", "expect", "plan", "intend", "target", "project", "forecast" or similar words suggesting future outcomes or outlook. Forward-looking statements in this Report to Unitholders include, but are not limited to, statements with respect to: our plan to convert from a limited partnership to a taxable Canadian corporation; the sources of additional gas supplies for transportation on the Alliance pipeline and for processing at Aux Sable's Channahon facility; the potential expansion related to the Septimus Gas Plant; the timing of in service of Aux Sable's Septimus pipeline; the sources of additional ethane supplies for transportation on the Alberta Ethane Gathering System; our ability to secure commercial commitments for the Jordan Cove LNG terminal and Pacific Connector gas pipeline projects; the capacity of, and the timetable for the development of the Alton natural gas storage project; the ability of each of our businesses to generate distributable cash; and our ability to make cash distributions. The risks and uncertainties that may affect the*

*operations, performance, development and results of our businesses include, but are not limited to, the following factors: our ability to successfully implement our strategic initiatives and achieve expected benefits; levels of oil and gas exploration and development activity; the status, credit risk and continued existence of contracted customers; the availability and price of capital; the availability and price of energy commodities; the availability of construction services and materials; fluctuations in foreign exchange and interest rates; our ability to successfully obtain regulatory approvals; changes in tax, regulatory, environmental, and other laws and regulations; competitive factors in the pipeline, NGL and power industries; operational breakdowns, failures, or other disruptions; and the prevailing economic conditions in North America. Additional information on these and other risks, uncertainties and factors that could affect our operations or financial results are included in our filings with the securities commissions or similar authorities in each of the provinces of Canada, as may be updated from time to time. You are also cautioned that the foregoing list of factors and risks is not exhaustive. The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as these factors are independent and management's future course of action would depend on our assessment of all information at that time. Although we believe that the expectations conveyed by the forward-looking information are reasonable based on information available to us on the date of preparation, no assurances can be given as to future results, levels of activity and achievements. Undue reliance should not be placed on the information contained herein, as actual results achieved will vary from the information provided herein and the variations may be material. We make no representation that actual results achieved will be the same in whole or in part as those set out in the forward-looking information. Furthermore, the forward-looking statements contained herein are made as of the date hereof, and, except as required by law, we do not undertake any obligation to update publicly or to revise any forward-looking information, whether as a result of new information, future events or otherwise. Any forward-looking information contained herein is expressly qualified by this cautionary statement.*



STRENGTH. STABILITY. GROWTH.

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