

Consolidated Statement of Financial Position

(\$ Thousands; unaudited)	March 31, 2010	December 31, 2009
Assets		
Current assets		
Cash and short-term investments	80,780	57,945
Restricted cash	1,306	3,084
Transportation security deposits and revenue adjustments	6,871	8,538
Receivables	63,742	59,155
Inventory	5,468	5,071
Prepaid expenses and other	13,947	9,848
	172,114	143,641
Long-term receivables	346,689	351,629
Pipeline, plant and other capital assets	2,282,249	2,286,255
Intangible assets	92,992	59,647
Other assets	23,504	23,727
	2,917,548	2,864,899
Liabilities		
Current liabilities		
Payables	112,177	91,264
Transportation security deposits	3,385	4,008
Distribution payable	3,931	6,406
Current portion of long-term senior debt	168,436	145,014
Subordinated convertible debentures and exchangeable debentures	47,671	49,302
	335,600	295,994
Long-term senior debt	1,567,638	1,534,689
Future taxes	284,093	291,279
Other long-term liabilities	39,912	44,211
	2,227,243	2,166,173
Partners' Equity		
Partners' capital account	1,077,334	1,057,239
Cumulative other comprehensive loss	(62,202)	(54,624)
Cumulative net income	597,792	583,718
Cumulative distributions	(922,619)	(887,607)
	690,305	698,726
	2,917,548	2,864,899

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statement of Income and Cumulative Income

	Three months ended March 31	
(\$ Thousands, except per Unit amounts; unaudited)	2010	2009
Revenues		
Operating revenues	159,513	148,820
Interest and other	464	1,984
	159,977	150,804
Expenses		
Operations and maintenance	53,941	51,273
Depreciation and amortization	33,785	36,245
Interest and other finance	27,612	26,126
General, administrative and project development	25,680	22,412
Foreign exchange and other	838	2,719
	141,856	138,775
Net income before taxes	18,121	12,029
Current taxes	5,562	102
Future taxes	(1,515)	623
Net income	14,074	11,304
Cumulative net income at the beginning of the period	583,718	546,143
Cumulative net income at the end of the period	597,792	557,447
Net income per Unit		
Basic and diluted	0.10	0.08

Consolidated Statements of Comprehensive Income and Cumulative Other Comprehensive Income

	Three months ended March 31	
(\$ Thousands; unaudited)	2010	2009
Net income	14,074	11,304
Other comprehensive income (loss), net of taxes		
Cumulative translation adjustment		
Unrealized foreign exchange gain (loss) on translation of self-sustaining foreign operations	(9,947)	12,996
Deemed realization of cumulative translation adjustment reclassified to net income	3,353	661
Gain (loss) on hedge of self-sustaining foreign operations	498	(3,560)
Fair value loss transferred to net income	–	1,427
Other	(1,482)	262
	(7,578)	11,786
Comprehensive income	6,496	23,090
Cumulative other comprehensive loss at the beginning of the period	(54,624)	(7,306)
Other comprehensive income (loss), net of taxes	(7,578)	11,786
Cumulative other comprehensive income (loss) at the end of the period	(62,202)	4,480

See accompanying Notes to the Consolidated Financial Statements

Consolidated Statement of Cash Flows

	Three months ended March 31	
(\$ Thousands; unaudited)	2010	2009
Operating		
Net income	14,074	11,304
Non-cash transportation revenue	1,048	431
Depreciation, amortization and other non-cash items	28,964	34,552
Unrealized foreign exchange loss (gain)	471	(223)
Future taxes	(1,515)	623
Changes in non-cash working capital	23,225	(2,307)
	66,267	44,380
Financing		
Long-term debt repaid	(1,481)	(987)
Net change in credit facilities	72,543	18,990
Distributions paid	(17,401)	(33,515)
	53,661	(15,512)
Investing		
Acquisition of Northbrook New York, LLC, net of cash acquired	(80,708)	-
Pipeline, plant and other capital assets	(7,041)	(8,519)
Restricted cash	1,763	7,620
Other	(1,780)	(1,008)
Changes in non-cash investing working capital	(8,821)	(7,215)
	(96,587)	(9,122)
Increase in cash and short-term investments before the effect of foreign exchange rate changes on cash and short-term investments	23,341	19,746
Effect of foreign exchange rate changes on cash and short-term investments	(506)	508
Cash and short-term investments at the beginning of the period	57,945	56,064
Cash and short-term investments at the end of the period	80,780	76,318
Cash and short-term investments	28,310	25,727
Cash and short-term investments in trust	52,470	50,591
	80,780	76,318
Supplemental disclosure of cash flow information		
Interest paid	9,238	4,714
Taxes paid, net of refunds received	6,226	22,556

See accompanying Notes to the Consolidated Financial Statements

Notes to Consolidated Financial Statements

Three months ended March 31, 2010 and 2009

(\$ Thousands, except where noted; unaudited)

1. BASIS OF PRESENTATION

These unaudited interim consolidated financial statements of Fort Chicago Energy Partners L.P. (the “Partnership”) have been prepared by management in accordance with accounting principles generally accepted in Canada following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2009. These interim consolidated financial statements do not include all disclosures required for annual financial statements and therefore should be read in conjunction with the consolidated financial statements in the Partnership’s annual report for the year ended December 31, 2009. Operating results for the three months ended March 31, 2010 and March 31, 2009 are not necessarily indicative of the results for the full year.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

In February 2008, the CICA Accounting Standards Board confirmed that all Canadian publicly accountable enterprises will be required to retrospectively adopt International Financial Reporting Standards (“IFRS”) for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. The Partnership is currently assessing the impact of the convergence of Canadian generally accepted accounting principles with IFRS on its results of operations, financial position and disclosures.

3. ACQUISITION OF NORTHBROOK NEW YORK, LLC

On March 18, 2010, pursuant to its offer dated December 21, 2009, the Partnership acquired all of the outstanding shares of Northbrook New York, LLC (“Northbrook”) for cash consideration, including transaction costs, of approximately \$83.1 million. Northbrook owns the Glen Park facility, a 33 megawatt hydro-power generation facility in upstate New York. The acquisition was financed from existing bank credit facilities.

The acquisition of Northbrook has been accounted for using the purchase method, as set out below, and its results of operations since the date of acquisition have been reported on a consolidated basis. The purchase price allocation below is preliminary pending a final determination of the fair value of the assets and liabilities acquired. The final allocation may differ from the preliminary allocation.

Working capital, including cash of \$1.9 million	3,285
Capital assets	44,108
Intangible assets	35,740
	83,133

4. PARTNERS' CAPITAL

Authorized

The Partnership is authorized to issue an unlimited number of Class A Units ("Units") and Class B Units, issuable in series.

Issued

Units	2010		2009	
	Number	Value	Number	Value
January 1 opening balance	139,500,445	1,057,239	134,110,877	1,013,278
Units issued under Distribution Reinvestment Plan ("DRIP") ⁽¹⁾	1,244,584	12,302	–	–
March 31	140,745,029	1,069,541	134,110,877	1,013,278
Units to be issued under DRIP ⁽¹⁾	780,797	7,793	556,682	3,763
	141,525,826	1,077,334	134,667,559	1,017,041

(1) Represents Units issued to satisfy a portion of the Partnership's distributions.

The weighted average number of Units outstanding used to determine net income per Unit on a basic and diluted basis for the three months ended March 31, 2010 was 139,644,285 (2009 - 134,110,877) and 141,905,906 (2009 - 136,372,498), respectively.

5. SEGMENTED INFORMATION

Three months ended March 31	Pipeline		NGL		Power		Corporate ⁽¹⁾		Total ⁽²⁾	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Revenues ⁽³⁾	102,232	107,922	37,631	21,541	21,948	22,939	–	576	159,977	150,804
Operations and maintenance ⁽³⁾	18,589	19,179	22,656	18,323	14,530	15,945	–	–	53,911	51,273
Depreciation and amortization	27,186	29,034	927	880	4,664	5,316	1,008	1,015	33,785	36,245
Interest and other finance	20,489	22,399	168	180	1,799	582	5,156	2,965	27,612	26,126
General, administrative and project development	11,389	9,349	4,474	4,698	1,421	1,051	8,396	7,314	25,680	22,412
Foreign exchange and other	–	–	16	–	(1,846)	2,031	2,668	688	838	2,719
Net income (loss) before taxes	24,579	27,961	9,390	(2,540)	1,380	(1,986)	(17,228)	(11,406)	18,121	12,029
Total assets	2,268,544	2,555,871	176,848	191,115	460,807	491,764	11,349	10,292	2,917,548	3,247,719
Capital expenditures	1,290	1,210	3,477	322	2,182	6,816	92	171	7,041	8,519

(1) Reflects unallocated amounts applicable to Fort Chicago's head office activities. Corporate office general and administrative costs for the three months ended March 31, 2010 include project development costs of \$4.5 million (2009 - \$2.7 million).

(2) After giving effect to intersegment eliminations and allocations to businesses.

(3) For the three months ended March 31, 2010, Pipeline revenues include \$1.8 million (2009 - \$2.2 million) of transportation revenue from the NGL Business that eliminates upon consolidation. The operations and maintenance costs of the NGL Business include the corresponding cost amount.

(4) The Partnership holds its ownership interests in multiple business lines through partnerships, which are consolidated into various corporate entities. Consequently, the tax provision is determined on a consolidated basis and, as such, the Partnership is not able to present income tax expense by business segment.

6. SUBSEQUENT EVENT

On April 21, 2010, the Partnership declared its April distribution of \$0.0833 per Unit, payable on May 21, 2010 to Unitholders of record on April 30, 2010.

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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 ^(1, 2), Winnipeg, Manitoba

John E. Feick ^(2, 3), Calgary, Alberta

Robert J. Iverach ^(1, 2), Calgary, Alberta

Verne G. Johnson ^(2, 3), Calgary, Alberta

Rebecca A. McDonald ^(1, 3), Houston, Texas

Stephen W.C. Mulherin ⁽³⁾, Calgary, Alberta

Robert T.F. Reid ^(1, 3), White Rock, British Columbia

Bertrand A. Valdman ^(1, 2), 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

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Calgary, Alberta T2P 3S8

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Toll Free Fax: 1-888-453-0330

Computershare also has offices in

Vancouver, Toronto, Winnipeg, Montreal

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 interim report include, but are not limited to, statements with respect to: the sources of additional gas supplies for transportation on the Alliance pipeline and for processing at Aux Sable's Channahon facility; the ability of Aux Sable to recognize margin-based lease revenues over the balance of the year; the timing of inspection work to be performed at Aux Sable's Channahon facility; the timing of in service of Aux Sable's Septimus pipeline; our ability to renew our 2008 Credit Facility; the sufficiency of our liquidity; the sufficiency of our available committed credit facilities to fund distributions and planned capital expenditures; the ability of each of our businesses to generate distributable cash; our ability to make cash distributions; and the impact of adoption of International Financial Reporting Standards. 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.