



## Frequently Asked Tax Questions

### General Tax Principles

Pursuant to a plan of arrangement, Fort Chicago Energy Partners L.P. ("Fort Chicago" or the "Partnership") was converted from a limited partnership to a Canadian corporation, named Veresen Inc. on January 1, 2011. The Holders of Class A limited partnership units of Fort Chicago received one common share of Veresen Inc. in exchange for each Class A unit held. In addition, all of the rights, covenants, obligations and liabilities of Fort Chicago under the 5.75% convertible unsecured subordinated debentures, Series C due July 31, 2017 were assumed by Veresen Inc. The exchange of Class A units for common shares pursuant to the plan of arrangement occurred, from a Canadian federal income tax perspective, on a tax-deferred rollover basis for holders of Class A units. There is no need for the filing of a tax election form to realize the tax-deferred rollover.

For taxation years prior to 2011, Fort Chicago was a publicly traded limited partnership. Each unitholder of Fort Chicago (a "Unitholder") was a partner in the Partnership and was entitled to receive cash distributions declared by the Partnership. While certain of Fort Chicago's subsidiary entities are subject to Canadian or U.S. taxes, Fort Chicago was not subject to federal or provincial income taxes as it was a Canadian limited partnership. The annual income, gains, losses, deductions or credits of the Partnership flow through to the Unitholders, who are required to report their allocated share of these amounts on their income tax returns as though the Unitholder had incurred these items directly. These allocations are based on the Unitholders share of distributions on the last day of each month, or if not a business day, then on the preceding business day.

#### 1. Who should I notify regarding a change of address?

If you hold your Shares directly with Computershare, please notify Computershare directly. If you hold your Shares in a brokerage account, please notify your broker.

#### 2. When can I expect my tax receipts each year?

If you hold Shares directly with Computershare, the tax receipts will be mailed to you on or before February 28. These receipts will either be a T5 if you are a Canadian resident, a Releve 3if you are a Quebec resident or a NR4 if you are a non-resident. . If you hold Shares in a brokerage account, the brokerage firms, not Veresen Inc., are responsible for sending you these tax forms.

#### 3. What taxable income or loss will be allocated to Shareholders in 2011 and beyond?

On January 1, 2011, Unitholders exchanged their Class A units of the partnership for common shares of Veresen Inc. The shareholders of Veresen Inc. will receive eligible dividends that qualify for the enhanced dividend tax credit.

#### 4. How do I calculate my adjusted cost base?

If you purchased common shares after January 1, 2011, the adjusted cost base ("ACB") of your common shares will be the amount you paid for the shares. If you received common shares on the exchange of Fort Chicago units the ACB is equal to the ACB of your Fort Chicago units immediately before the exchange.

To calculate the ACB of your Units immediately before the exchange:

*The cost of all Units acquired, including commissions*  
*Less: distributions received since acquisition*  
*Less: losses and other deductions allocated to you by Fort Chicago for tax purposes since acquisition*  
*Plus: income allocated to you by Fort Chicago for tax purposes since acquisition*

These amounts can be obtained from your T5013 and, if you are a Quebec resident, Relevé 15. Fort Chicago's website at [www.vereseninc.com](http://www.vereseninc.com) also contains certain historical distribution, tax allocation and ACB information in the Tax Information section contained in the "Investor Information" section of the website.

## **5. What information do I need if I haven't filed my 2010 tax return?**

In March of 2011, Unitholders of record should have received a T5013 and, if a Quebec resident, a Relevé 15 that summarizes their allocated share of the Partnership's reportable tax items for the calendar year ended December 31, 2010 as well as certain information required to be included in their tax returns. Only the amounts shown on these forms should be entered on each Unitholder's tax return. To assist Unitholders in preparing their tax returns, the Partnership provides its transfer agent, Computershare Trust Company of Canada ("Computershare"), and the brokerage firms with a letter containing general guidance that we recommend accompany the tax receipts sent to each Unitholder. If you did not receive this letter with your tax receipts, please contact Computershare, if you held your Fort Chicago Class A units ("Units") directly with Computershare, or your broker representative, if your Units were held in a brokerage account. Alternatively, this letter is contained in the "Investor Information" section of our website at [www.vereseninc.com](http://www.vereseninc.com).

## **6. What tax amounts have been allocated to Unitholders in 2010**

Taxable income is allocated to Unitholders annually based on their ownership on each record date. Assuming you held your Units throughout 2010, you would have been allocated taxable income of \$0.9896 per Unit, which would represent 99 percent of the \$0.9996 distribution paid per Unit in respect of 2010. Such income is derived from a combination of Canadian and U.S. sources. The monthly amounts allocated to Unitholders for 2010 can be found in the "Investor Information" section of Fort Chicago's website at [www.vereseninc.com](http://www.vereseninc.com) under "Tax Information." Unitholders should only report the amounts allocated to them on their T5013 form and, if applicable, their Relevé 15. As noted under question 4, any taxable income allocated to you is added to the ACB of your Units for the purposes of calculating any capital gains and losses on the sale of your Units while any tax losses or deductions allocated to you will reduce the ACB of your Units.

To calculate the ACB of your Units, see #4 above.