

**Veresen Inc.**  
**2016 Guidance <sup>(1)</sup>**

		2016 Forecast <sup>(2)</sup>				
<b>Veresen Inc.</b>		Low	High			
Distributable Cash (Cdn \$ per Common Share) <sup>(3)(4)</sup>						
Alliance distributions		0.62	0.64			
Ruby distributions		0.38	0.39			
AECS		0.06	0.06			
Veresen Midstream distributions		0.20	0.20			
Aux Sable distributions, net of support payments						
Fixed		0.13	0.14			
Variable		(0.12)	(0.11)			
Power		0.15	0.15			
General and administrative		(0.12)	(0.11)			
Debt service - principal repayments and interest		(0.10)	(0.10)			
Taxes		-	-			
Preferred share dividends		(0.09)	(0.09)			
		<b>1.12</b>	<b>1.16</b>			
Cdn/U.S. exchange rate – average		1.31	1.33			
Average number of common shares outstanding (millions):		310	310			
Distributable Cash per common share sensitivity (pre-tax, annualized)						
Cdn \$0.01 change in Cdn/U.S. exchange rate		(0.005)	0.005			
US \$0.15 per mmbtu change in Chicago – AECO basis differential		(0.001)	0.001			
US +\$0.10 and -\$0.05 per gallon change in propane plus frac spread		(0.007)	0.017			
<b>Market Indicators</b>						
AECO gas price (Cdn\$/mmbtu)		2.10	2.00			
Chicago Citygate gas price (US\$/mmbtu)		2.51	2.45			
Average USGC ethane margin (US\$/gallon)		0.02	0.03			
Average USGC propane plus margin (US\$/gallon)		0.29	0.32			
<b>Components of Distributable Cash by Business – Veresen Ownership %</b>						
Year ended December 31, 2016, Cdn \$ millions						
	<b>Alliance</b>		<b>Ruby <sup>(5)</sup></b>		<b>AECS</b>	
<b>Pipelines</b>	Low	High	Low	High	Low	High
Fixed distributions			119	121		
EBITDA <sup>(4)</sup>	307	317			27	27
Debt service	(113)	(115)			(8)	(8)
Maintenance capital	(2)	(4)			-	-
Distributable Cash	192	198	119	121	19	19
Growth capital expenditures (Burstall)	-	-	-	-	60	70
Throughput volumes (100%) <sup>(6)</sup>	1.688 bcf/d	1.713 bcf/d	1.1 bcf/d	1.1 bcf/d	287 mmbbls/d	293 mmbbls/d
			<b>Veresen Midstream <sup>(7)</sup></b>		<b>Aux Sable</b>	
<b>Midstream</b>	Low	High	Low	High	Low	High
Fixed distributions			63	63		
EBITDA					11	19
Debt service					-	-
Maintenance capital					(8)	(8)
Distributable Cash			63	63	3	11
Growth capital expenditures (sanctioned)			508	562	34	35
Volumes (100%) - Propane plus production at Channahon (mmbbls/d)					44	46
- Hythe/Streeprock throughput (mmcf/d) <sup>(6)</sup>			380	390		
- Dawson throughput (mmcf/d)			710	740		
			<b>Consolidated</b>		<b>Jointly-Controlled</b>	
<b>Power</b>	Low	High	Low	High	Low	High
EBITDA			52	53	44	44
Debt service			(19)	(19)	(22)	(22)
Maintenance capital			(5)	(5)	(2)	(2)
Distributable Cash			28	29	20	20
Growth capital expenditures			-	-	-	-

Supplementary Information – Components of Net Income – Veresen Ownership %	Ruby Pipeline, LLC <sup>(8)</sup>		Veresen Midstream <sup>(9)</sup>	
	US \$ millions		Cdn \$ millions	
	Low	High	Low	High
Year ended December 31, 2016				
EBITDA	150	155	70	73
Depreciation and amortization	(53)	(53)	(36)	(36)
Interest expense, net	(42)	(42)	(25)	(24)
Net income	55	60	9	13

#### Notes:

- All data represents management's estimate based on current information. There can be no assurance that the actual amounts may not vary significantly from the estimates provided.
- The low and high estimates applicable to each line item are not intended to be additive and therefore will not add to the low and high forecast distributable cash.
- Forecast distributable cash is based on Veresen's ownership interest in jointly held, majority controlled, and wholly-owned businesses.
- This is not a standard measure under US GAAP and may not be comparable to similar measures presented by other entities. For further details, refer to Veresen's Management Discussion and Analysis (MD&A).
- Ruby fixed distributions represent Veresen's dividends received on the convertible preferred interest held in Ruby Pipeline LLC. For reference, Ruby Pipeline LLC earnings data has been included separately in this Guidance (see note 8 below).
- Throughput volumes for Ruby and Hythe/Steeprock represent take-or-pay volume commitments.
- Veresen Midstream 2016 distributions are fixed in accordance with its lending agreements. For reference, Veresen Midstream earnings data has been included separately in this Guidance (see note 9 below).
- As Veresen accounts for its convertible preferred interest in Ruby under the cost method, Veresen records its preferred interest dividends from Ruby as dividend income on its income statement. Components of Ruby net income (VSN %), which are not reflected on Veresen's income statement, is provided as supplementary information. For further information, refer to Veresen's MD&A.
- Veresen records equity income in Veresen Midstream in proportion to its ownership interest, which differs from the proportion of distributions it receives due to Kohlberg Kravis Roberts & Co. L.P. holding half of its initial investment in Veresen Midstream in the form of payment-in-kind ("PIK") units. In 2016, Veresen Midstream will pay distributions of \$101 million, of which Veresen's share is \$63 million. The PIK structure will allow Veresen to receive approximately 60% of 2016 cash distributions while it will record approximately 48% of 2016 net income. For further information, refer to Veresen's MD&A.

#### Advisory:

*The 2016 guidance information contained herein relating to Veresen and its businesses constitutes forward-looking information under applicable securities laws. The following discussion is intended to identify certain factors, although not necessarily all factors, which could cause future outcomes to differ materially from those set forth in the forward-looking information. 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: the ability of Veresen to successfully implement its strategic initiatives and achieve expected benefits; the status, credit risk and continued existence of contracted customers; the availability and price of energy commodities; fluctuations in foreign exchange and interest rates; the regulatory environment; competitive factors in the pipeline, midstream and power industries; and the prevailing economic conditions in North America. The reader is cautioned that these factors and risks are difficult to predict and that the assumptions used in the preparation of such information, although considered reasonably accurate by Veresen at the time of preparation, may prove to be incorrect or may not occur. Accordingly, readers are cautioned that the actual results achieved will vary from the information provided herein and the variations may be material. Readers are also cautioned that the foregoing list of factors and risks is not exhaustive. Additional information on these and other risks, uncertainties and factors that could affect Veresen's 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. There is no representation by Veresen 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 Veresen does 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.*

*Certain financial information contained herein may not be standard measures under Generally Accepted Accounting Principles ("GAAP") in the United States and may not be comparable to similar measures presented by other entities. These measures are considered to be important measures used by the investment community and should be used to supplement other performance measures prepared in accordance with GAAP in the United States. For further information on non-GAAP financial measures used by Veresen see Management's Discussion and Analysis, in particular, the section entitled "Non-GAAP Financial Measures" contained in the Management Discussion and Analysis, filed by Veresen with Canadian securities regulators.*

Veresen Inc.  
TSX - VSN  
Web site: [www.vereseninc.com](http://www.vereseninc.com)  
Email: [investor\\_relations@vereseninc.com](mailto:investor_relations@vereseninc.com)  
Tel. (403) 213-3633

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