

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(\$ Thousands; unaudited)	March 31, 2009	December 31, 2008
Assets		
Current assets		
Cash and short-term investments	76,318	56,064
Restricted cash	12,683	20,280
Transportation security deposits and revenue adjustments	4,489	7,989
Receivables	59,382	61,935
Inventory	4,574	3,913
Prepaid expenses and other	9,089	12,349
	<u>166,535</u>	<u>162,530</u>
Long-term receivables	387,785	273,392
Pipeline, plant and other capital assets	2,549,630	2,547,701
Intangible assets	121,726	121,267
Other assets	22,043	22,789
	<u>3,247,719</u>	<u>3,127,679</u>
Liabilities		
Current liabilities		
Payables	99,598	112,623
Transportation security deposits	4,367	5,581
Distribution payable	7,398	11,162
Current portion of long-term senior debt and capital leases	91,368	89,176
Exchangeable debentures	25,217	25,717
	<u>227,948</u>	<u>244,259</u>
Long-term senior debt and capital leases	1,795,448	1,758,958
Subordinated convertible debentures	23,945	23,909
Future taxes	352,670	239,823
Other long-term liabilities	53,782	60,143
	<u>2,453,793</u>	<u>2,327,092</u>
Partners' Equity		
Partners' capital account	1,017,041	1,013,278
Cumulative other comprehensive gain (loss)	4,480	(7,306)
Cumulative net income	557,447	546,143
Cumulative distributions	(785,042)	(751,528)
	<u>793,926</u>	<u>800,587</u>
	<u>3,247,719</u>	<u>3,127,679</u>

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)	2009	2008
Revenues		
Operating revenues	148,820	156,769
Interest and other	1,984	16,448
	<u>150,804</u>	<u>173,217</u>
Expenses		
Operations and maintenance	51,273	54,248
Depreciation and amortization	36,245	31,781
Interest and other finance	26,126	28,367
General, administrative and project development	22,412	16,700
Foreign exchange and other	2,719	6,758
	<u>138,775</u>	<u>137,854</u>
Net income before taxes	12,029	35,363
Current taxes	102	166
Future taxes	623	3,152
Net income	<u>11,304</u>	<u>32,045</u>
Cumulative net income at the beginning of the period	<u>546,143</u>	<u>484,644</u>
Cumulative net income at the end of the period	<u>557,447</u>	<u>516,689</u>
Net income per Unit		
Basic and diluted	0.08	0.24

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND CUMULATIVE OTHER COMPREHENSIVE INCOME

	Three months ended March 31	
(\$ Thousands; unaudited)	2009	2008
Net income	11,304	32,045
Other comprehensive income, net of taxes		
Cumulative translation adjustment		
Unrealized foreign exchange gain on translation of self-sustaining foreign operations	12,996	13,023
Deemed realization of cumulative translation adjustment reclassified to net income	661	8,843
Loss on hedge of self-sustaining foreign operation	(3,560)	(3,184)
Fair value loss transferred to net income	1,427	-
Other	262	3,321
	<u>11,786</u>	<u>22,003</u>
Comprehensive income	<u>23,090</u>	<u>54,048</u>
Cumulative other comprehensive loss at the beginning of the period	(7,306)	(102,092)
Other comprehensive income, net of taxes	<u>11,786</u>	<u>22,003</u>
Cumulative other comprehensive income (loss) at the end of the period	<u>4,480</u>	<u>(80,089)</u>

See accompanying Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months ended March 31	
(\$ Thousands; unaudited)	2009	2008
Operating		
Net income	11,304	32,045
Non-cash transportation revenue	431	(748)
Depreciation, amortization and other non-cash items	34,552	24,245
Unrealized foreign exchange loss (gain)	(223)	6,665
Future taxes	623	3,142
Changes in non-cash working capital	(2,307)	30,250
	44,380	95,599
Financing		
Long-term debt repaid	(987)	(2,392)
Net change in credit facilities	18,990	24,915
Distributions paid	(33,515)	(32,921)
Other	-	856
	(15,512)	(9,542)
Investing		
Pipeline, plant and other capital assets	(8,519)	(28,120)
Restricted cash	7,620	10,608
Other	(1,008)	(11,307)
Changes in non-cash investing working capital	(7,215)	5,330
	(9,122)	(23,489)
Increase in cash and short-term investments before the effect of foreign exchange rate changes on cash and short-term investments	19,746	62,568
Effect of foreign exchange rate changes on cash and short-term investments	508	1,054
Cash and short-term investments at the beginning of the period	56,064	47,191
Cash and short-term investments at the end of the period	76,318	110,813
Cash and short-term investments	25,727	58,239
Cash and short-term investments in trust	50,591	52,574
	76,318	110,813
Supplemental disclosure of cash flow information		
Interest paid	4,714	7,446
Taxes paid, net of refunds received	22,556	790

See accompanying Notes to the Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three months ended March 31, 2009 and 2008

(\$ 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, 2008. 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, 2008. Operating results for the three months ended March 31, 2009 and March 31, 2008 are not necessarily indicative of the results for the full year.

Certain comparative figures have been reclassified to conform to the presentation adopted in 2008.

2. NEW ACCOUNTING POLICIES

(a) Accounting for the Effects of Rate Regulation

Effective January 1, 2009, the exemption from the requirement for rate regulated entities to record future income taxes was removed. The Partnership has adopted these changes effective January 1, 2009 and the principal effect is the balance sheet recognition of \$106.7 million in future Canadian income tax liabilities associated with Alliance, equally offset by regulatory assets recorded as long-term receivables.

(b) Goodwill and Intangible Assets

Effective January 1, 2009, the Partnership adopted the new CICA Handbook Section 3064 *Goodwill and Intangible Assets*. Adoption of this new standard did not have a material impact on the Partnership.

(c) 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. Fort Chicago is currently assessing the impact of the convergence of Canadian GAAP with IFRS on its results of operations, financial position and disclosures.

3. PARTNERS' CAPITAL

(i) Authorized

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

(ii) Issued

Units	2009		2008	
	Number	Value	Number	Value
January 1 opening balance	134,110,877	1,013,278	131,668,086	991,294
Convertible Debentures converted into Units	-	-	240,752	2,165
March 31	134,110,877	1,013,278	131,908,838	993,459
Units to be issued under Distribution				
Reinvestment Plan ("DRIP") ⁽¹⁾	556,682	3,763	-	-
	134,667,559	1,017,041	131,908,838	993,459

(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 period ended March 31, 2009 was 134,110,877 (2008 - 131,748,393) and 136,372,498 (2008 - 136,322,567), respectively.

On March 19, 2009 the Partnership announced the reinstatement of an amended and restated Premium Distribution and Distribution Reinvestment Plan, wherein Unitholders enrolled in the Plan could direct that a portion of their distributions be reinvested at a 5 percent discount in additional Class A Units held for their account under the Plan, or have them delivered to a designated plan broker in exchange for a premium cash payment equal to 102 percent of the reinvested amount under the Premium Distribution component of the Plan.

4. SEGMENTED INFORMATION

	Pipeline		NGL		Power		Corporate ⁽¹⁾		Total ⁽²⁾	
Three months ended March 31	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues ^{(3) (4)}	107,922	110,026	21,541	37,856	22,939	26,760	576	337	150,804	173,217
Operations and maintenance ⁽³⁾	19,179	16,008	18,323	22,980	15,945	17,022	-	-	51,273	54,248
Depreciation and amortization	29,034	27,329	880	652	5,316	2,588	1,015	1,212	36,245	31,781
Interest and other finance	22,399	22,934	180	271	582	543	2,965	4,619	26,126	28,367
General, administrative and project development	9,349	7,599	4,698	3,247	1,051	745	7,314	5,109	22,412	16,700
Foreign exchange and other	-	-	-	(1)	2,031	(38)	688	6,797	2,719	6,758
Net income (loss) before taxes	27,961	36,156	(2,540)	10,707	(1,986)	5,900	(11,406)	(17,400)	12,029	35,363
Total assets	2,555,871	2,347,900	191,115	170,983	491,764	437,713	10,292	30,998	3,247,719	2,986,995
Capital expenditures	1,210	5,124	322	2,530	6,816	20,113	171	353	8,519	28,120

(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, 2009 include project development costs of \$2.7 million (2008 - \$2.0 million).

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

(3) For the three months ended March 31, 2009, Pipeline revenues include \$2.2 million (2008 - \$1.8 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) For the three months ended March 31, 2008, Pipeline revenues include \$10.3 million received by Alliance in settlement from Calpine Energy Services Canada Partnership in connection with the repudiation of its Alliance transportation contracts. Also for the three months ended March 31, 2008, Power revenues include a \$4.8 million gain related to the initial public offering of common shares by Pristine Power Inc., which resulted in Fort Chicago's ownership interest in Pristine being diluted from approximately 20 percent to approximately 11 percent.

5. SUBSEQUENT EVENT

On April 21, 2009, the Partnership declared its April distribution of \$0.0833 per Unit, payable on May 22, 2009 to Unitholders of record on April 30, 2009.

Officers

Verne G. Johnson
Chairman

Stephen H. White
President and Chief Executive Officer

Theresa Jang
Vice President, Controller and Acting Chief Financial Officer

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 ^(1, 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

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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 interim report 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 MD&A include, but are not limited to, statements with respect to: the timing of Alliance's receipt point near Towner, North Dakota being placed into service; the timing of the start-up of the East Windsor cogeneration facility; the timing of and obtaining of regulatory approvals for, and the timing of the development of the Jordan Cove LNG terminal and Pacific Connector gas pipeline projects; the timing, amount, structure and term of our proposed financing for Fort Chicago Power; 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 in 2009; and our ability to make cash distributions. The risks and uncertainties that may affect our operations, performance, development and the 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. Readers 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 its 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.

This interim report should be read in conjunction with our consolidated financial statements as at and for the years ended December 31, 2008 and 2007. Capitalized terms used herein and not otherwise defined have the same meanings attributed to them in our December 31, 2008 consolidated financial statements. All financial information is in Canadian dollars unless otherwise noted and, as it relates to our financial results, has been derived from information used to prepare our consolidated financial statements, which have been prepared in accordance with Generally Accepted Accounting Principles in Canada ("GAAP"). Financial information pertaining to our jointly held businesses reflects our proportionate share unless otherwise noted. Additional information concerning our business is available on SEDAR at www.sedar.com or on our website at www.fortchicago.com.

Certain financial information contained in this interim report may not be standard measures under Generally Accepted Accounting Principles ("GAAP") in Canada 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 Canada. For further information on non-GAAP financial measures used by us, see the section entitled "Non-GAAP Financial Measures" contained in our annual MD&A, filed with Canadian securities regulators.



strength. stability. growth.



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