



2009 SECOND QUARTER REPORT

PIPELINES. NGL. POWER.

LETTER TO UNITHOLDERS

As President and Chief Executive Officer, I am pleased to report on the financial and operating results of Fort Chicago Energy Partners L.P. for the second quarter of 2009. The second quarter performance of each of our businesses was consistent with our expectations. In particular, Aux Sable generated solid results, as favourable NGL market conditions supported the recognition of \$6.8 million of margin-based lease revenues.

I am also gratified Fort Chicago received a strong, investment grade credit rating from DBRS in July 2009, in addition to our existing Standard & Poor's investment grade rating. These credit ratings are evidence of the solid fundamentals which underpin Fort Chicago's businesses. Our ability to finance future growth and overall liquidity has also been significantly enhanced by our recent \$200 million senior note offering and other financing activities described below. Through these activities we have largely addressed the April 2011 maturity of our 2004 credit facility.

FINANCIAL RESULTS

For the second quarter of 2009 we generated net income of \$20.0 million or \$0.15 per Unit, which approximates amounts generated during the same period last year. Alliance and AEGS, which comprise our Pipeline business, continued their steady financial performance, generating aggregate net income before tax of \$26.1 million, up slightly from the same period last year. Alliance's second quarter earnings benefited from increased income tax recoveries and the effect of the weaker Canadian dollar relative to the same period last year.

Our NGL business generated second quarter net income before tax of \$5.9 million, in line with our expectations. This compares to \$27.4 million for the same period last year when NGL market conditions resulted in record breaking profits. Aux Sable generated year-to-date margin-based lease revenues of \$14.7 million, \$6.8 million of which was recognized in the second quarter. Barring an abrupt and significant downward shift in NGL market conditions, the balance of unrecognized margin-based lease revenues is expected to be recognized during the remainder of the year.

Our Power business generated a second quarter pre-tax loss of \$2.2 million compared to pre-tax income of \$0.8 million during the same period last year. The incremental tolling and capacity payments received in association with our new power generation facilities, Brush and the London cogeneration facility, were offset by increased depreciation costs and the recognition of a \$1.9 million non-cash fair value loss in respect of Fort Chicago Power's exchangeable debentures.

Corporate costs before income taxes for the second quarter were \$21.8 million, down from \$33.9 million for the same period last year, primarily reflecting lower foreign exchange losses, previously deferred and recorded in other comprehensive income, resulting from lower amounts of cash distributed by our U.S. businesses and a weaker Canadian dollar, and lower interest costs. Income taxes for the second quarter amounted to \$1.9 million compared to \$13.8 million for the same period last year, reflecting the decrease in earnings from Aux Sable.

Distributable cash for the second quarter of 2009 was \$38.6 million or \$0.29 per Unit compared to \$41.6 million or \$0.31 per Unit for the same period last year. This decrease primarily reflects lower distributions from Aux Sable, which amounted to \$6.4 million this quarter compared to \$28.6 million for the second quarter last year. This was partially offset by increased distributable cash from our other businesses. Our Pipeline business generated \$33.8 million of distributable cash in the second quarter, compared to \$31.2 million for the same period last year, reflecting Alliance's increased income tax recoveries and the effect of the weaker Canadian dollar. Distributable cash from our Power business increased from \$1.2 million in the second quarter of 2008 to \$4.8 million this quarter, due to incremental cash flows from Brush and the London cogeneration facility, as well as the completion of major maintenance at our California cogeneration facilities in the first half of 2008. Further, distributable cash outflows relating to corporate activities decreased significantly, from \$19.4 million in the second quarter of 2008 to \$6.3 million this quarter, reflecting lower cash taxes associated with reduced Aux Sable earnings, decreased interest costs due to lower average interest rates in 2009, and realized foreign exchange gains, resulting from the repayment of U.S. dollar-denominated debt.

Cash from operating activities for the second quarter of 2009 was \$33.9 million compared to \$39.5 million for the same period last year, primarily reflecting decreased cash generated from Aux Sable, partially offset by increased cash generated by Fort Chicago Power, lower corporate interest costs and cash taxes, and higher realized foreign exchange gains.

OPERATING HIGHLIGHTS

During the second quarter of 2009 the Alliance pipeline continued to operate in a reliable manner, fully meeting its contracted 1.325 billion cubic feet per day of firm-service shipping capacity. Actual second quarter transportation deliveries averaged 1.587 bcf/d, a slight decrease from volumes of 1.623 bcf/d delivered during the same period last year. AEGS second quarter toll volumes of 273.4 thousand barrels per day decreased slightly relative to 302.9 mbbls/d in the same period last year, due primarily to lower ethane receipts from Empress-area extraction plants during the quarter. Aux Sable processed 99 percent of the natural gas delivered by Alliance during the second quarter. For the second quarter, average NGL daily volumes were 70.8 mbbls/d, down from 74.3 mbbls/d for the same period last year, but up significantly from the first three months of 2009 when ethane was being reinjected due to negative margins. Fort Chicago Power generated 112,525 megawatt hours of electricity compared to 79,782 MWh in the second quarter of 2008, reflecting improved efficiency at the California cogeneration facilities due to recent maintenance work and incremental electricity generation at the Brush and London cogeneration facilities. NRGreen's waste heat electrical generation facilities operated reliably throughout the second quarter. Construction of the East Windsor cogeneration facility continues to make good progress. The project is expected to be completed at a capital cost of \$104 million, slightly above its original budget of \$103.5 million, and to be placed into commercial service in the third quarter of 2009.

JULY 2009 SENIOR NOTE OFFERING

On July 28, we issued \$200 million of senior unsecured notes through a public offering. The senior notes, which bear interest of 5.60 percent and have a five-year term, have been assigned credit ratings of BBB (high) with a stable trend by DBRS and BBB with a stable outlook by Standard & Poor's. The net proceeds from the offering of the senior notes were used to repay a portion of the outstanding indebtedness under our 2004 revolving credit facility, which borrowings were used, in part, to finance our August 2007 acquisition of Countryside Power Income Fund (now named Fort Chicago Power Ltd.) and a portion of the outstanding 6.25 percent exchangeable unsecured subordinated U.S. dollar-denominated debentures of Countryside Canada Power Inc. The refinancing of the Countryside acquisition has been a goal of ours since we closed the transaction. The issuance of the senior notes achieves that goal and, together with the recent expansion of our 2008 credit facility, affords us considerable flexibility in pursuing acquisition and development opportunities.

ALLIANCE BUSINESS INITIATIVES

From June 1, 2009 to July 15, 2009 Alliance held concurrent open seasons for two new services: Gathering Receipt Service ("GRS") and Canadian Delivery Service ("CDEL"), Alliance's first-ever Canadian delivery service. Both services were proposed in response to commercial interests presented to Alliance. GRS, offered in response to requests for additional receipt capacity on Alliance from producers, marketers and consumers conducting business in B.C., Alberta and Saskatchewan, included four discrete zones within Alliance's gathering service extending from northeast British Columbia to south-central Alberta. CDEL, offered in response to interest expressed by Canadian transporters, storage operators and end-users, would deliver natural gas from Alliance's northwestern Alberta and northeastern B.C. receipt points to Canadian markets.

Alliance has received sufficient interest for both GRS and CDEL to proceed with detailed capital costing and preparation for regulatory approval of the various resulting projects. Alliance is currently analyzing results and will continue to work with subscribers to refine the services.

2009 GUIDANCE

On July 14, 2009 we announced an update to our 2009 guidance, wherein we narrowed the forecasted range of distributable cash from a low of \$0.96 per Unit and high of \$1.27 per Unit to a low of \$1.00 per Unit and a high of \$1.25 per Unit, with a payout ratio expected to be between 80 percent and 100 percent. This updated guidance primarily reflects a more favourable outlook for Aux Sable, partially offset by updated assumptions regarding the Canadian/U.S. dollar exchange rate. Further details concerning 2009 guidance can be found in the Investor Information section of our website at www.fortchicago.com.

Respectfully,



Stephen H. White
President and Chief Executive Officer
August 4, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three and six months ended June 30, 2009

FORWARD-LOOKING AND NON-GAAP INFORMATION

This Management's Discussion and Analysis dated August 4, 2009 provides a review of the significant events and transactions that impacted our performance during the three and six months ended June 30, 2009 relative to the same periods in 2008. Certain information contained in this MD&A 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 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 MD&A should be read in conjunction with our consolidated financial statements as at and for the six months ended June 30, 2009 and the consolidated financial statements and MD&A included in the 2008 Annual Report. Capitalized terms used herein and not otherwise defined have the same meanings attributed to them in our June 30, 2009 and 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 MD&A may not be standard measures under "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.

FINANCIAL AND OPERATING HIGHLIGHTS

	Three months ended June 30		Six months ended June 30	
(\$ Thousands, except where noted)	2009	2008	2009	2008
Operating Highlights				
Volumes (100%)				
Pipeline				
Alliance - billion cubic feet per day	1.587	1.623	1.638	1.654
AEGS - thousand barrels per day ⁽¹⁾	273.4	302.9	278.7	305.3
NGL				
Aux Sable - thousand barrels per day	70.8	74.3	62.6	72.4
Power				
Fort Chicago Power - megawatt hours	112,525	79,782	295,211	198,701
NRGreen - megawatt hours	34,861	13,310	62,257	21,807
Financial Results				
Revenues	149,290	178,684	300,094	351,901
Net income	19,959	20,117	31,263	52,162
Per Unit (\$) - basic and diluted	0.15	0.15	0.23	0.39
Adjusted net income ⁽²⁾	19,959	20,117	33,551	41,662
Per Unit (\$) - basic and diluted	0.15	0.15	0.25	0.31
Cash from operating activities	33,227	39,512	77,607	135,111
Distributable cash ⁽²⁾	38,619	41,565	69,629	84,380
Per Unit (\$) - basic and diluted	0.29	0.31	0.52	0.64
Distributions paid/payable ⁽²⁾	33,788	33,183	67,301	66,124
Per Unit (\$)	0.25	0.25	0.50	0.50
Distribution account ⁽²⁾	78,070	81,728	78,070	81,728
Payout ratio (%) ⁽²⁾	86	80	96	78
Capital expenditures				
Growth ⁽²⁾	5,018	31,381	12,128	53,805
Maintenance and sustaining ⁽²⁾	537	5,267	1,946	10,963

As at

(\$ Thousands, except where noted)	June 30, 2009	Dec. 31, 2008	June 30, 2008
Financial Position			
Cash and short-term investments	32,228	56,064	49,614
Total assets	3,076,263	3,127,679	2,910,664
Long-term senior debt and capital leases	1,682,535	1,758,958	1,647,496
Long-term subordinated convertible debentures	23,981	23,909	23,836
Partners' equity	765,551	800,587	790,305
Units			
Units outstanding - as at period-end ⁽³⁾	135,746,287	134,110,877	134,110,877
Average daily volume (Units)	500,954	173,621	160,043
Price per Unit - close (\$)	8.55	7.22	10.90
Market capitalization ⁽²⁾	1,160,631	968,280	1,461,809

(1) Average daily volumes in respect of AEGS are based on toll volumes.

(2) 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 December 31, 2008 MD&A.

(3) As at the close of markets on July 31, 2009 we had 136,264,568 Units outstanding.

OVERALL PERFORMANCE

Distributable cash and net income for the three and six months ended June 30, 2009, by business segment, are highlighted in the tables below. The factors contributing to these results are discussed more fully in the section entitled "Results of Operations - By Business Segment". Cash from operating activities is discussed in the section entitled "Liquidity and Capital Resources".

Distributable Cash

(\$ Thousands, except per Unit amounts)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Pipeline	33,835	31,238	68,468	72,678
NGL	6,357	28,607	5,582	38,847
Power	4,767	1,163	9,829	1,028
Fort Chicago - Corporate	(6,340)	(19,443)	(14,250)	(28,173)
	38,619	41,565	69,629	84,380
Per Unit (\$)	0.29	0.31	0.52	0.64

Distributable cash for the three and six months ended June 30, 2009 was \$38.6 million or \$0.29 per Unit and \$69.6 million or \$0.52 per Unit, respectively, compared to \$41.6 million or \$0.31 per Unit and \$84.4 million or \$0.64 per Unit for the same periods last year. These decreases are primarily due to lower distributions from Aux Sable, reflecting the change in NGL market conditions relative to the same periods last year when record breaking margins were achieved. During the first six months of 2009, Aux Sable generated \$14.7 million of margin-based lease revenues, \$6.8 million of which has been recognized in distributable cash and revenues. Barring an abrupt and significant downward shift in NGL market conditions, the balance of unrecognized margin-based lease revenues is expected to be recognized during the remainder of the year. In comparison, Aux Sable generated and recognized \$39.6 million of margin-based lease revenues during the first half of 2008.

The decrease in distributable cash from Aux Sable was partially offset by strong results from our other businesses. For the three and six months ended June 30, 2009 distributable cash from our Pipeline business benefited from Alliance's increased income tax recoveries and the effect of the weaker Canadian dollar. Distributable cash for the first half of last year included the \$10.3 million settlement received by Alliance from Calpine Energy Services Canada Partnership. Distributable cash from our Power business increased for the three and six months ended June 30, 2009 relative to the same periods last year, reflecting incremental cash flows from our new power facilities, Brush and the London cogeneration facility, as well as the completion in the first half of 2008 of major maintenance performed at our California cogeneration facilities. Distributable cash outflows relating to corporate activities decreased significantly for the three and six months periods, respectively, reflecting lower cash taxes associated with reduced Aux Sable earnings, decreased interest costs due to lower average interest rates in 2009, and realized foreign exchange gains, resulting from the repayment of U.S. dollar-denominated debt.

Net Income

(\$ Thousands, except per Unit amounts)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Net income (loss) before tax				
Pipeline	26,065	25,491	54,026	61,647
NGL	5,889	27,380	3,349	38,087
Power	(2,213)	804	(4,199)	6,704
Fort Chicago - Corporate General, administrative and project development	(6,756)	(7,192)	(13,494)	(11,964)
Interest	(2,674)	(4,240)	(5,639)	(8,859)
Depreciation	(1,017)	(1,013)	(2,032)	(2,225)
Foreign exchange losses	2,528	(7,349)	1,840	(14,146)
	(7,919)	(19,794)	(19,325)	(37,194)
	21,822	33,881	33,851	69,244
Taxes	(1,863)	(13,764)	(2,588)	(17,082)
Net income	19,959	20,117	31,263	52,162
Per Unit (\$)	0.15	0.15	0.23	0.39
Adjustments to net income for non-recurring (gains) losses				
Fair value loss reclassified from other comprehensive income	-	-	2,288	-
Alliance shipper claim settlement	-	-	-	(6,840)
Gain on dilution of investment	-	-	-	(3,660)
Adjusted net income	19,959	20,117	33,551	41,662
Per Unit (\$)	0.15	0.15	0.25	0.31

For the three months ended June 30, 2009 we generated net income of \$20.0 million or \$0.15 per Unit, which approximated amounts generated during the same period last year. In addition to the decrease in Aux Sable net income, resulting from a change in NGL market conditions, second quarter net income from our Power business decreased relative to the same period last year as operating results were offset by increased depreciation costs and the recognition of a non-cash fair value loss in respect of Fort Chicago Power's exchangeable debentures. These decreases were offset by significantly lower corporate costs, primarily foreign exchange losses, previously deferred and recorded in other comprehensive income, resulting from lower amounts of cash distributed by our U.S. businesses, a weaker Canadian dollar, and lower interest costs.

For the six months ended June 30, 2009, we generated net income of \$31.3 million or \$0.23 per Unit compared to \$52.2 million or \$0.39 per Unit for the same period last year. In addition to the factors impacting second quarter net income, net income for the six month period includes a \$2.3 million non-cash after-tax expense we transferred from other comprehensive income to net income in the first quarter of 2009, representing the fair value decrease of our investment in Pristine Power Inc. from its initial public offering in March 2008. Net income for the first half of 2008 included Alliance's settlement with Calpine and a non-cash dilution gain related to our investment in Pristine.

Excluding the above mentioned non-recurring items, adjusted net income for the six months ended June 30, 2009 was \$33.6 million or \$0.25 per Unit compared to \$41.7 million or \$0.31 per Unit the same period last year.

RESULTS OF OPERATIONS - BY BUSINESS SEGMENT

Pipeline Business

(\$ Thousands, except where noted)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Net income before tax				
Alliance Pipeline	25,080	24,019	51,875	58,813
AEGS	985	1,472	2,151	2,834
	26,065	25,491	54,026	61,647
Volumes				
Alliance Pipeline (100%) (bcf/d)	1.587	1.623	1.638	1.654
AEGS (mbbls/d) ⁽¹⁾	273.4	302.9	278.7	305.3

(1) Average daily volumes for AEGS are based on toll volumes.

Alliance Pipeline*Operational Highlights*

Transportation deliveries, including utilized Authorized Overrun Service (“AOS”) for the three and six months ended June 30, 2009 averaged 1.587 billion cubic feet per day and 1.638 bcf/d, respectively, compared to 1.623 bcf/d and 1.654 bcf/d for the same periods last year.

Financial Highlights

Transportation revenues for the three and six months ended June 30, 2009 were \$96.8 million and \$195.0 million, respectively, a \$5.2 million and \$13.6 million increase compared to \$91.6 million and \$181.4 million for the same periods last year, respectively. The increase primarily reflects the effect of the weaker Canadian dollar. Cost of service recoveries were relatively unchanged from the same period last year, as a reduction in interest expense and equity return, resulting from the ongoing amortization of Alliance’s long-term debt and depreciation of its investment base, respectively, was offset by increased recoveries for depreciation. Year-to-date 2009 revenues also included higher operating cost recoveries.

Net income before tax for the three and six months ended June 30, 2009 was \$25.1 million and \$51.9 million, respectively, a \$1.1 million increase and \$6.9 million decrease compared to \$24.0 million and \$58.8 million for the same periods last year. The second quarter increase reflects the effect of the weaker Canadian dollar partially offset by the reduced equity return on investment base. The year-to-date decrease reflects the first quarter 2008 receipt of \$10.3 million in full settlement of Alliance’s claim in respect of Calpine’s 2006 repudiation of its transportation contracts, recorded in “Interest and Other” revenues, and the reduced equity return on investment base, partially offset by the effect of a weaker Canadian dollar.

Proposed Gathering Receipt Service and Canadian Delivery Service

From June 1, 2009 to July 15, 2009 Alliance held concurrent open seasons for two new services: Gathering Receipt Service (“GRS”) and Canadian Delivery Service (“CDEL”), Alliance’s first-ever Canadian delivery service. Both services were proposed in response to commercial interests presented to Alliance. GRS, offered in response to requests for additional receipt capacity on Alliance from producers, marketers and consumers conducting business in B.C., Alberta and Saskatchewan, included four discrete zones within Alliance’s gathering service extending from northeast British Columbia to south-central Alberta. CDEL, offered in response to interest expressed by Canadian transporters, storage operators and end-users, would deliver natural gas from Alliance’s northwestern Alberta and northeastern B.C. receipt points to Canadian markets.

Alliance has received sufficient interest for both GRS and CDEL to proceed with detailed capital costing and preparation for regulatory approval of the various resulting projects. Alliance is currently analyzing results and will continue to work with subscribers to refine the services.

Pecan Pipeline (North Dakota), Inc. Receipt Point

Pecan Pipeline (North Dakota), Inc. is developing a gathering pipeline that will connect with a new gas receipt point on the Alliance system near Towner, North Dakota. This project will bring associated rich gas from the Bakken formation onto Alliance. A precedent agreement has been executed with Pecan that, subject to satisfactory completion of conditions precedent, provides for the execution of a firm transportation agreement with contractual terms for firm transportation of 40 million cubic feet per day for the first year and 80 mmcf/d thereafter, over an initial ten-year period, three years longer than Alliance’s primary shipper contracts. Alliance anticipates the new receipt point being in service in the fourth quarter of 2009.

AEGS*Operational Highlights*

Toll volumes for the three and six months ended June 30, 2009 were 273.4 thousand barrels per day and 278.7 bbls/d, respectively, a 10 percent and nine percent decrease compared to 302.9 mbbbls/d and 305.3 bbls/d for the same periods last year. These decreases result from lower gas flows at the Empress, Alberta straddle plants as well as the impact of planned outages at several AEGS connected field and straddle plants which were longer in duration than expected.

Financial Highlights

AEGS’ revenues for the three and six months ended June 30, 2009 were \$9.3 million and \$19.0 million, respectively, a decrease of 17 percent and 12 percent compared to \$11.2 million and \$21.5 million for the same periods last year. Revenues were impacted by decreased toll volumes, lower operating cost recoveries, driven by lower utilities and maintenance costs, and lower overhead recoveries earned thereon. Net income before tax for the three and six months ended June 30, 2009 was \$1.0 million and \$2.2 million, respectively, a decrease of \$0.5 million and \$0.7 million compared to \$1.5 million and \$2.8 million for the same periods last year, driven by the same factors that impacted revenues.

NGL Business

	Three months ended June 30		Six months ended June 30	
(\$ Thousands, except where noted)	2009	2008	2009	2008
Net income before tax	5,889	27,380	3,349	38,087
Margin-based fees under NGL Sales Agreement				
Estimated amount generated during period	10,041	18,334	14,747	39,556
Margin recognized from prior period (Unrecognized margin generated in period)	(3,263)	9,848	(7,969)	-
Amount recognized as revenue	6,778	28,182	6,778	39,556
Average daily NGL sales volumes (100%) (mbbls/d)				
Ethane - indigenous	36.4	39.9	29.5	39.7
Propane plus	30.3	30.7	29.2	28.7
NGL injections	4.1	3.7	3.9	4.0
	70.8	74.3	62.6	72.4

Operational Highlights

During the three and six months ended June 30, 2009 Aux Sable processed 99 percent and 96 percent, respectively, of the natural gas delivered by Alliance. Ethane volumes averaged 36.4 mbbls/d for the second quarter of 2009, down from 39.9 mbbls/d in the same period last year, while year-to-date ethane volumes averaged 29.5 mbbls/d compared to 39.7 mbbls/d in the first half of 2008, reflecting negative ethane margins and resulting reinjection in the first quarter of 2009. Propane plus volumes, excluding injections, of 30.3 mbbls/d and 29.2 mbbls/d for the three and six month periods, respectively, were comparable to the same periods last year. In aggregate, NGL volumes were 70.8 mbbls/d and 62.6 mbbls/d during the three and six months ended June 30, 2009, respectively, down from 74.3 mbbls/d and 72.4 mbbls/d for the same periods last year.

Financial Highlights

Crude oil prices were significantly lower in the second quarter of 2009 compared to the same period last year, as a result of an economic slowdown and resulting weaker petroleum products demand. Natural gas prices also fell relative to the second quarter of 2008, although not to the same extent as oil. Increased domestic production continued to keep natural gas inventory levels above the five-year average. NGL prices declined along with crude oil and natural gas prices. NGL inventories remain high but increased demand for ethane is starting to reduce inventory levels from its high earlier this year.

Average natural gas prices declined 67 percent from US \$11.32 per million British thermal units in the second quarter of 2008 to US \$3.71 per mmbtu in the second quarter of 2009. Year-to-date natural gas prices declined 58 percent from US \$9.95 per mmbtu to US \$4.14 per mmbtu. Average crude oil prices decreased 52 percent from US \$123.86 per barrel in the second quarter of 2008 to US \$59.51 per barrel in the second quarter of 2009. As a result, the relative value of crude oil to natural gas for the second quarter of 2009 was higher than the same period last year, with the ratio increasing from 10.9 to 16.0. Year-to-date 2009 crude oil prices have declined 54 percent from US \$110.76 per barrel in 2008 to US \$51.25 per barrel in 2009.

As crude oil prices strongly influence NGL prices, U.S. Gulf Coast fractionation margins for the three months ended June 30, 2009 decreased significantly from the same period of the prior year. Ethane fractionation margins were US \$0.18 per gallon in the second quarter of 2009, compared to US \$0.30 per gallon in the second quarter of 2008. Year-to-date 2009 ethane margins were US \$0.11 per gallon compared to US \$0.37 per gallon for the first half of 2008. Propane plus margins averaged US \$0.49 per gallon in the second quarter of 2009 compared to US \$0.78 per gallon in the second quarter of 2008. Year-to-date 2009 propane plus margins were US \$0.41 per gallon compared to US \$0.79 per gallon for the same period in 2008. Mont Belvieu to Edmonton basis differentials for propane for the second quarter of 2009 decreased by US \$0.02 per gallon to US \$0.12 per gallon. Year-to-date 2009 Mont Belvieu to Edmonton propane differentials have decreased by approximately US \$0.09 per gallon to US \$0.02 cents per gallon.

For the three and six months ended June 30, 2009 NGL revenues amounted to \$28.2 million and \$49.7 million, respectively (2008 - \$58.5 million and \$96.3 million), including \$17.5 million and \$27.8 million of lease revenues, respectively (2008 - \$40.8 million and \$64.4 million), reflecting lower NGL revenues from transactions with counterparties other than BP and a significant decrease in margin-based lease revenues recognized. As NGL markets continued to improve in the second quarter, Aux Sable generated \$10.0 million and \$14.7 million of margin-based lease revenue during the three and six months ended June 30, 2009, respectively, of which \$6.8 million has been recognized to date. This compares to the recognition of \$28.2 million and \$39.6 million for the three and six months ended June 30, 2008, respectively, representing all of the margin-based lease revenue generated during the first half of 2008.

Operations and maintenance, natural gas, NGL and transportation costs for the three and six months ended June 30, 2009 were \$17.2 million and \$35.5 million, respectively (2008 - \$27.1 million and \$50.1 million), reflecting lower power and fuel prices, and lower volumes consumed due to the change in market conditions.

As a result of the change in NGL market conditions net income before tax decreased by \$21.5 million and \$34.7 million to \$5.9 million and \$3.3 million for the three and six months ended June 30, 2009, respectively.

Power Business

(\$ Thousands, except where noted)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Net income (loss) before tax				
Fort Chicago Power	(2,398)	1,297	(2,051)	1,954
NRGreen	343	179	540	180
East Windsor Cogeneration	(158)	(101)	(246)	467
Other	-	(571)	(2,442)	4,103
	(2,213)	804	(4,199)	6,704
Electricity Volumes (MWh)				
Fort Chicago Power	112,525	79,782	295,211	198,701
NRGreen	34,861	13,310	62,257	21,807

Fort Chicago Power

Operational Highlights

During the three and six months ended June 30, 2009 Fort Chicago Power's assets performed in line with our expectations, with the Ripon and San Gabriel cogeneration facilities generating electricity volumes of 88,722 megawatt hours and 223,957 MWh, respectively (2008 - 79,529 MWh and 198,303 MWh, respectively). Ambient weather conditions as well as plant efficiency increases, due to recently overhauled equipment and excess thermal energy re-injected into the electrical production process as a result of reduced steam sales, increased electricity generated at the Ripon facility compared to the same periods in 2008, while volumes generated at the San Gabriel facility were comparable to the same periods last year. Brush, which we acquired in September 2008, produced 19,634 MWh and 59,577 MWh of electricity during the three and six months ending June 30, 2009, respectively, reflecting higher than expected dispatch levels on a year-to-date basis and lower than expected levels for the quarter. The London cogeneration facility commenced operations at the end of December 2008 and produced 441 MWh and 11,381 MWh of electricity during the three and six months ending June 30, 2009, reflecting lower than anticipated production due to low electricity prices in the Ontario market.

Hot water sales volumes at the PEI district energy facility for the three and six months ended June 30, 2009 were 59,970 MMBtus and 200,266 MMBtus, respectively, compared to 64,884 MMBtus and 200,357 MMBtus for the same periods last year, respectively. The decrease in the current quarter is due to reduced customer demand as a result of more moderate temperatures. Year-to-date volumes were relatively unchanged due to higher customer demand experienced during the first quarter of 2009 which offset the decrease in demand in the second quarter. Aggregate steam sales volumes of 96,225 thousand pounds and 299,132 Mlbs for the three and six months ended June 30, 2009, respectively, decreased from 136,563 Mlbs and 373,841 Mlbs for the same periods last year, respectively, due primarily to a decline in steam demand from the Ripon facility's steam host.

Fort Chicago Power's earnings are not significantly influenced by the volume of electricity generated, as the majority of its earnings are comprised of fixed capacity payments.

Financial Highlights

For the three and six months ended June 30, 2009 Fort Chicago Power generated \$4.4 million and \$9.6 million, respectively, of earnings before interest, taxes, depreciation and amortization, and other non-cash charges, compared to \$4.4 million and \$8.0 million for the same periods last year. 2009 results reflect incremental contributions from Brush and the London cogeneration facility and the effect of the weaker Canadian dollar, partially offset by lower second quarter margins earned at the PEI district energy system. Results for the first half of 2008 include costs associated with major maintenance work at the Ripon Facility.

Fort Chicago Power recorded \$4.5 million and \$9.4 million of depreciation and amortization expense for the three and six months ended June 30, 2009, respectively, compared to \$2.8 million and \$5.2 million for the same periods last year, reflecting higher asset balances associated with Brush, the London cogeneration facility and the San Gabriel distilled water facility, as well as the effect of the weaker Canadian dollar. Net income before tax also reflects a mark to market loss on the US dollar-denominated exchangeable debentures of \$1.9 million and \$1.4 million for the three and six months ended June 30, 2009, respectively.

Interest and other finance expenses of \$0.4 million and \$0.8 million for the three and six months ended June 30, 2009, respectively, approximated amounts incurred during the same period last year.

On May 8, 2009, Neenah Paper FR, LLC, the purchaser of the process steam generated by the Ripon Facility, announced it was suspending operations at its plant indefinitely as of May 30, 2009. On May 30, 2009, Fort Chicago Power and Neenah entered into a termination settlement, which compensates us for costs we will incur to maintain the Ripon Facility's qualifying facility status. The FERC has granted a temporary waiver of the Ripon Facility's QF requirements through December 31, 2010 to permit an alternative beneficial use to be implemented. Failure to find an alternative steam host of the Ripon Facility's thermal energy could result in the loss of its QF status. We are currently exploring various alternatives that would result in the Ripon Facility maintaining its QF status, including the installation of a distilled water facility. We do not believe this event will have a material impact on our financial results.

NRGreen

Operational Highlights

In December 2008 and January 2009 each of the NRGreen units experienced outages due to extremely cold weather. A thorough investigation of the resulting turbine failures was completed at the equipment manufacturers' repair facility and all units were repaired and returned to service in January and February 2009.

Financial Highlights

For the three and six months ended June 30, 2009 NRGreen revenues were \$1.3 million and \$2.3 million, respectively, compared to \$0.5 million and \$0.9 million for the same periods last year, respectively. The increases reflect incremental revenues from the Loreburn, Estlin and Alameda units, which commenced operations on a staggered basis during the last nine months of 2008, as well as the effect of the Kerrobert facility being out of service for 26 days during the first quarter of 2008, partially offset by the impact of the first quarter 2009 outages discussed above.

Net income before tax was \$0.3 million and \$0.5 million for the three and six months ended June 30, 2009, respectively, compared to \$0.2 million and \$0.2 million, respectively, for the same periods last year. During the first quarter, NRGreen received a \$0.3 million warranty claim settlement with respect to previous outages, which was recorded as a reduction to operations and maintenance expense. The warranty claim settlement and increased revenues throughout the first and second quarters were partially offset by higher operating costs and depreciation, resulting from four units being operational in 2009, as well as incremental borrowing costs related to amounts drawn on NRGreen credit facilities.

East Windsor Cogeneration

East Windsor Cogeneration's net loss before tax for the three and six months ended June 30, 2009 was \$(0.2) million and \$(0.2) million and is primarily comprised of unrealized losses related to interest rate and foreign currency hedges.

East Windsor Cogeneration continues to make good progress with the construction of its cogeneration facility. The project is expected to be completed at a capital cost of \$104 million (100 percent - \$208 million), slightly above its original budget of \$103.5 million (100 percent - \$207 million), and to be placed into commercial service in the third quarter of 2009. We do not expect East Windsor Cogeneration to make cash distributions in 2009 as, pursuant to its financing agreement, its available cash flow must first be used to build up a debt service reserve account.

Other

During the first quarter we transferred a \$2.4 million non-cash pre-tax expense from other comprehensive income to net income, representing the fair value decrease of our investment in Pristine Power Inc. from its initial public offering in March 2008, as we considered the decline in fair value to be other than temporary. The fair value was determined based on the closing trading price for Pristine common shares at March 31, 2009. During the three months ended March 31, 2008, we recognized a dilution gain of \$4.8 million, which resulted from our non-participation in Pristine's March 2008 initial public offering of common shares.

Fort Chicago - Corporate

(\$ Thousands)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Net expenses				
Net expenses before taxes	7,919	19,794	19,325	37,194
Current tax expense	2,717	11,105	2,819	11,271
Future tax expense	(854)	2,659	(231)	5,811
	9,782	33,558	21,913	54,276

During the three and six months ended June 30, 2009 we incurred net corporate expenses of \$9.8 million and \$21.9 million, respectively, compared to \$33.6 million and \$54.3 million during the same periods last year. Expenses for the three and six months ended June 30, 2008 included the recognition of \$7.3 million and \$14.1 million, respectively, of foreign exchange losses, previously deferred and recorded in other comprehensive income, resulting from significant cash flows distributed by our U.S. businesses, particularly Aux Sable, during those periods. With the reduction in Aux Sable distributions for the first six months of this year, the recognition of foreign exchange losses also decreased significantly. The reduction in Aux Sable earnings also resulted in an aggregate decrease in current and future tax expenses by \$11.9 million and \$14.5 million during the three and six months ended June 30, 2009, respectively, compared to the same periods in 2008.

Other factors that drove the reduction in corporate expenses include (i) the recognition of \$2.5 million and \$1.8 million of foreign exchange gains on repayment of U.S.-denominated debt during the three and six months ended June 30, 2009, respectively, and (ii) lower interest costs compared to the same periods last year resulting from lower average interest rates and the June 30, 2008 maturity of our Series A Convertible Debentures. These decreases in expenses were partially offset by higher project development costs.

UPDATE ON PROJECTS UNDER DEVELOPMENT

On May 1, 2009, Jordan Cove Energy Project L.P. and Pacific Connector Gas Pipeline L.P. received notification that the Final Environmental Impact Statement had been issued by the Federal Energy Regulatory Commission in the United States. Each of Jordan Cove and Pacific Connector had filed, in September 2007, an application to the FERC for approval to construct a liquefied natural gas import terminal at Coos Bay, Oregon and a 377-kilometre interstate natural gas transmission system from the terminal to Malin, Oregon, respectively. The FERC is expected to issue a Certificate of Public Convenience and Necessity in the fourth quarter of 2009. Under our current timeline, and subject to securing long-term contractual commitments and market conditions, construction of the LNG terminal could commence in the second half of 2010, with an in-service date for both projects to be during 2014.

SELECTED QUARTERLY FINANCIAL INFORMATION

(\$ Thousands, except per Unit amounts)	2009			2008			2007	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenues	149,290	150,804	168,629	180,900	178,684	173,217	173,257	153,814
Net income (loss)	19,959	11,304	(17,949)	27,286	20,117	32,045	24,910	24,536
Net income (loss) per Unit (\$)	0.15	0.08	(0.13)	0.20	0.15	0.24	0.19	0.19
Distributable cash	38,619	31,010	22,484	53,285	41,565	44,145	56,845	49,948
Distributable cash per Unit (\$)	0.29	0.23	0.17	0.40	0.31	0.34	0.43	0.38
Cash from operating activities	33,227	44,380	39,279	88,222	39,512	95,599	50,551	62,122

Significant items that impacted quarterly financial results include the following:

- Second quarter 2009 reflects a strengthening of NGL market conditions resulting in \$6.8 million of NGL margin-based lease revenues recognized in net income and distributable cash.
- First quarter 2009 reflects no NGL margin-based lease revenues recognized in net income or distributed to us.
- Fourth quarter 2008 reflects a \$21.1 million asset impairment loss related to power assets, as well as the significant weakening of NGL market conditions, resulting in pre-tax losses and a small distributable cash contribution from our NGL business segment. Cash from operating activities reflects Alliance's scheduled semi-annual interest payments.
- Third quarter 2008 reflected strong NGL margins, resulting in increased amounts of margin-based lease revenues generated and recognized by Aux Sable during the period, and strong earnings and cash flows from Fort Chicago Power.
- Second quarter 2008 reflected the recognition of all margin-based lease revenues generated by Aux Sable during the period, as well as amounts generated but not recognized in the first quarter of 2008, partially offset by higher corporate costs, including foreign exchange losses and taxes. Distributable cash was also impacted by increased cash taxes as a result of Aux Sable's earnings becoming fully taxable. As is the case each second and fourth quarter, cash from operating activities reflects Alliance's scheduled semi-annual interest payments.
- First quarter 2008 reflected incremental earnings and cash flows resulting from the Calpine settlement and the recognition of a portion of the record first quarter margin-based lease revenues generated by Aux Sable during the period. Increases to net income also reflected the Pristine dilution gain, partially offset by higher foreign exchange losses related to increased distributions from our U.S. investments. Cash from operating activities was also impacted by changes in non-cash working capital.
- Fourth quarter 2007 reflected record earnings and cash flows from Aux Sable, a full quarter's contribution from the August 2007 Countryside acquisition, and the impact of the reduction in federal tax rates, partially offset by higher corporate costs.
- Third quarter 2007 reflected record earnings and cash flows from Aux Sable and the new contribution from the Countryside acquisition.

LIQUIDITY AND CAPITAL RESOURCES

Overall, there has not been any significant change in our financial condition or that of our businesses compared with our position as at December 31, 2008. We and each of our operating businesses maintain prudent capital structures and are well positioned to withstand the impact of the current economic environment. We expect cash from operations and from available committed credit facilities will be sufficient to fund distributions and planned capital expenditures, the latter of which are minimal at this time. Substantially all of our consolidated debt is long-term with amortization periods that are designed to provide for the orderly repayment of all principal over the estimated useful economic life of our assets. This debt has generally been issued by each of the operating businesses, on a non-recourse basis, bearing fixed rates of interest, insulating us and our operating businesses from the current higher long-term interest rate environment and reducing the default risk associated with any one operating entity. In addition, all credit facilities remain in good standing and were previously extended, enabling us and each of our operating businesses to maintain these facilities at attractive credit spreads relative to those available under current market conditions. Further, proceeds from our recent financing activity (see "Financing Activities" below) have been used to repay a substantial portion of our indebtedness under our credit facilities, resulting in the strengthening of our overall liquidity.

On March 19, 2009 we announced the reinstatement of an amended and restated Premium Distribution and Distribution Reinvestment Plan. To August 4, 2009, 2.2 million Units representing \$15.7 million have been issued under the reinstated DRIP.

Cash and short-term investments at June 30, 2009 totaled \$32.2 million (December 31, 2008 - \$56.1 million), of which \$19.3 million (December 31, 2008 - \$24.3 million) represents funds held in trust accounts pursuant to applicable security and financing agreements. The majority of these trust funds are used by Alliance for current operating and working capital purposes, including scheduled principal and interest payments each June and December.

Restricted cash in the amount of \$8.4 million (December 31, 2008 - \$20.3 million) primarily represents East Windsor Cogeneration cash which, pursuant to its financing agreement, is restricted to funding certain expenditures related to the construction of the East Windsor Cogeneration facility and is, therefore, reported separately on our Consolidated Statement of Financial Position.

Operating Activities

For the six months ended June 30, 2009 cash generated from operating activities was \$77.6 million compared to \$135.1 million for the same period last year. This decrease primarily reflects lower earnings from Aux Sable, the first quarter 2009 payment of approximately \$22.7 million in income taxes associated with 2008 NGL earnings and accrued at December 31, 2008, and Alliance's first quarter 2008 settlement with Calpine.

Financing Activities

For the six months ended June 30, 2009 financing activities included: (i) the repayment of \$37.3 million of long-term debt related to scheduled principal repayments on senior debt (\$34.1 million - Alliance; \$1.3 million - AEGS; \$1.9 million - Fort Chicago); (ii) the net increase of \$6.5 million in credit facilities, representing net draws of \$13.5 million by us and net repayments of \$3.8 million by Alliance, \$3.1 million by Aux Sable and \$0.3 million by NRGreen; and (iii) \$55.6 million of cash distributions paid by us.

Financing activities for the same period last year included: (i) the repayment of \$35.8 million of long-term debt; (ii) the net increase of \$14.4 million in credit facilities; and (iii) \$66.0 million of cash distributions paid by us.

On July 15, 2009 we amended our credit agreement with a United States-based financial institution by adding a \$25 million term facility to the existing \$25 million revolving credit facility (collectively with the term facility referred to as the "2008 Credit Facility"), and by extending the term of the 2008 Credit Facility such that it now matures on July 14, 2010. Outstanding Canadian dollar advances bear interest at the Canadian prime rate plus a margin and outstanding U.S. dollar advances at the U.S. base rate plus a margin. We have fully drawn on the term facility and have used the proceeds to repay all indebtedness under the 2008 Revolving Credit Facility and a portion of the outstanding indebtedness under our 2004 Revolving Credit Facility. The terms and conditions of the 2008 Credit Facility include covenants customary to bank credit facilities of this nature including, among other things, meeting specified financial covenants on an ongoing basis.

On July 28, 2009, we issued \$200 million of senior unsecured notes series 1 pursuant to a public offering under our short form base shelf prospectus dated May 2, 2008 and a prospectus supplement dated July 23, 2009. The Senior Notes bear interest at the rate of 5.60 percent per annum, payable semi-annually in arrears on January 28 and July 28 of each year commencing on January 28, 2010, and mature on July 28, 2014. The Senior Notes have been assigned credit ratings of BBB (high) with a stable trend by DBRS and BBB with a stable outlook by Standard & Poor's. The net proceeds from the offering of the Senior Notes were used to repay a portion of the outstanding indebtedness under our 2004 Revolving Credit Facility, which borrowings were used, in part, to finance our August 2007 acquisition of Countryside Power Income Fund and a portion of the outstanding 6.25 percent exchangeable debentures of Countryside Canada Power Inc.

As a result of the above mentioned financing activity, we are currently re-assessing the need for long-term financing for Fort Chicago Power.

Aux Sable's U.S. credit facility, comprised of a US \$14.9 million revolving facility and a US \$17.1 million term facility, matures on August 16, 2010. The terms of the credit facility agreement previously provided for a 30 percent reduction of the total term loan commitments on August 16, 2009, which would have reduced the amount of the term loan facility from US \$17.1 million to US \$12.0 million. On May 26, 2009 Aux Sable amended the terms of the credit facility agreement to extend the period for this reduction to August 16, 2010, when the facility matures.

Investing Activities

Investing activities for the six months ended June 30, 2009 included: (i) \$14.1 million in capital expenditures (\$1.7 million - Alliance; \$0.7 million - Aux Sable; \$0.6 million - Fort Chicago Power; \$0.7 million - NRGreen; \$10.2 million East Windsor Cogeneration; \$0.2 million - Corporate); and (ii) an \$11.9 million drawdown of restricted cash to fund construction costs related to the East Windsor Cogeneration.

Investing activities for the same period last year included: (i) \$64.8 million in capital expenditures; (ii) a \$30.8 million drawdown of East Windsor Cogeneration's restricted cash; and (iii) an \$11.3 million investment in a private power company.

FINANCIAL INSTRUMENTS

There has been no significant change to the composition or valuation of our financial instruments since December 31, 2008.

DISTRIBUTIONS

Policy

We pay distributions on a monthly basis to Unitholders of record as at the last business day of each month on the 23rd day of the month following such record date, or if not a business day, then on the preceding business day.

Our general distribution policy is to establish and maintain a sustainable and stable monthly distribution over time, having regard for the accumulated Distribution Account balance, forecast distributable cash and our growth capital requirements.

Sustainability of Distributions and Productive Capacity

We intend to continue to make cash distributions although such distributions are not guaranteed and do not represent a legal obligation. The sustainability of distributions is a function of several factors including, among other things: the earnings and cash flows we and our businesses generate, including Alliance Pipeline, a rate-regulated business; the ongoing maintenance of each businesses' physical and economic productive capacity; and the ability to comply with debt covenants and refinance debt as it comes due. For a complete discussion of the significant risks and uncertainties affecting us and each of our businesses, see "Risks" contained in our December 31, 2008 MD&A.

Distributions Paid/Payable Relative to Cash from Operating Activities and Net Income

(\$ Thousands)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Cash from operating activities	33,227	39,512	77,607	135,111
Net income	19,959	20,117	31,263	52,162
Distributions paid/payable	33,788	33,183	67,301	66,124
Excess (shortfall) of cash from operating activities over distributions paid/payable	(561)	6,329	10,306	68,987
Shortfall of net income over distributions paid/payable	13,829	13,066	36,038	13,962

The excess of cash from operating activities over distributions paid/payable generally represents the cash used for maintenance capital expenditures, scheduled amortization of any long-term debt, and cash retained to fund growth, including cash held in trust.

Distributions paid/payable are generally greater than net income because our net income includes certain non-cash expenses such as unrealized foreign exchange gains and losses, asset impairment losses, depreciation and future income taxes, which are not reflected in calculating the amount of cash available for distribution.

Determination of Distributable Cash

The amount of distributable cash we earn is comprised of and will vary depending on: (i) distributions received/receivable from our operating businesses, which, in each case, are after providing for scheduled amortization of any long-term debt and any capital expenditures that are not growth-oriented or recoverable; (ii) any operating support payments required by any of our businesses; (iii) all cash taxes and financing costs we incurred, including scheduled principal repayments on long-term debt; (iv) our general and administrative costs; and (v) any cash we hold in reserve.

(\$ Thousands, except per Unit amounts)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Cash inflows				
Alliance distributions, prior to withholdings for capital expenditures and net of debt service	30,285	27,186	61,173	64,684
AEGS distributable cash, after non-recoverable capital expenditures and debt service	3,550	4,052	7,295	7,994
Aux Sable distributions, net of support payments, non-recoverable debt service costs and maintenance capital	6,357	28,607	5,582	38,847
Fort Chicago Power distributable cash, after maintenance capital expenditures and debt service	4,327	888	8,949	503
NRGreen distributions, prior to withholding for project development costs	440	275	880	525
Realized foreign exchange gains, interest income and other	3,691	44	4,347	370
	48,650	61,052	88,226	112,923
Cash outflows				
General and administrative	(3,825)	(4,198)	(8,454)	(7,264)
Interest and other finance	(2,669)	(3,437)	(5,632)	(8,491)
Taxes	(2,652)	(11,091)	(2,690)	(11,224)
Principal repayments on senior debt	(885)	(761)	(1,821)	(1,564)
	(10,031)	(19,487)	(18,597)	(28,543)
Distributable cash ⁽¹⁾	38,619	41,565	69,629	84,380
Distributable cash per Unit (\$) ⁽²⁾	0.29	0.31	0.52	0.64
Distributions paid/payable	33,788	33,183	67,301	66,124
Distributions paid/payable per Unit (\$) ⁽²⁾	0.25	0.25	0.50	0.50

(1) See table below for reconciliation of distributable cash to cash flows from operating activities.

(2) The number of Units used to calculate distributable cash per Unit is based on the average number of Units outstanding at each record date. For the three months ended June 30, 2009 the average number of Units outstanding for this calculation was 135,207,357 (2008 - 132,788,996) and 137,468,978 (2008 - 136,446,174) on a basic and diluted basis, respectively. For the six months ended June 30, 2009 the average number of Units outstanding for this calculation was 134,659,117 (2008 - 132,302,721) and 136,920,738 (2008 - 136,404,593) on a basic and diluted basis, respectively. The number of Units outstanding would increase by 2,261,621 (2008 - 2,261,621) Units if the outstanding Convertible Debentures as at June 30, 2009 were converted into Units.

Distributable cash for the three and six months ended June 30, 2009 was \$38.6 million or \$0.29 per Unit and \$69.6 million or \$0.52 per Unit, respectively, compared to \$41.6 million or \$0.31 per Unit and \$84.4 million or \$0.64 per Unit for the same periods last year. These decreases are primarily due to lower distributions from Aux Sable, resulting from the change in NGL market conditions relative to same periods last year when record breaking margins were achieved. 2009 second quarter and year-to-date Aux Sable distributions of \$6.4 million and \$5.6 million, respectively, include \$6.8 million of margin-based lease revenues recognized by Aux Sable, partially offset by support payments associated with the purchase, transport and sale of make-up gas. Second quarter distributions from Alliance increased by \$3.1 million compared to the same period last year to \$30.3 million, primarily reflecting higher income tax recoveries and the effect of the weaker Canadian dollar. Year-to-date Alliance distributions decreased by \$3.5 million compared to the same period last year to \$61.2 million, primarily reflecting the first quarter 2008 \$10.3 million settlement received from Calpine Energy Services Canada Partnership. Fort Chicago Power distributable cash increased by \$3.4 million and \$8.4 million for the three and six months ended June 30, 2009 relative to the same periods last year to \$4.3 million and \$8.9 million, reflecting incremental earnings from our new power facilities, Brush and the London cogeneration facility, as well as the completion of major maintenance performed at our California cogeneration facilities in the first half of 2008. Distributable cash outflows relating to corporate activities decreased by \$13.1 million and \$14.0 million for the three and six month periods, respectively, to \$6.3 million and \$14.2 million reflecting lower cash taxes resulting from reduced Aux Sable earnings, lower interest expense due to lower average interest rates in 2009, and \$3.6 million of realized foreign exchange gains, resulting from the repayment of U.S.-denominated debt.

Reconciliation of Distributable Cash to Cash Flow from Operating Activities

(\$ Thousands)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Consolidated cash flow from operating activities	33,227	39,512	77,607	135,111
Add (deduct): Cash flow generated from operating activities applicable to jointly held businesses ⁽¹⁾	(3,914)	8,236	(40,883)	(45,168)
Cash flow from operating activities applicable to wholly-owned businesses ⁽²⁾	29,313	47,748	36,724	89,943
Add (deduct) amounts applicable to wholly-owned businesses:				
Project development costs	3,202	3,386	5,966	5,429
Change in non-cash working capital	756	(6,323)	17,709	(7,446)
Principal repayments on senior notes	(1,516)	(1,357)	(3,080)	(2,756)
Maintenance capital expenditures	231	(3,938)	18	(7,450)
Distributions earned greater than distributions received ⁽³⁾	6,633	2,049	12,292	6,660
Distributable cash	38,619	41,565	69,629	84,380

- (1) Represents cash flow from operating activities applicable to jointly held businesses which is not under our sole control and, as a consequence, is not included in distributable cash until such time as distributions are declared by the jointly held businesses.
- (2) Net of support payments made to Alliance Canada Marketing of \$1.3 million and \$4.1 million for the three and six months ended June 30, 2009, respectively (2008 - \$0.7 million and \$1.7 million, respectively).
- (3) Represents the difference between distributions declared by jointly held businesses and distributions received.

Distribution Account

Our Distribution Account reflects the extent to which distributable cash earned by our operating businesses exceeds distributions paid/payable and project development costs, in each case, since inception. Project development costs are funded from the Distribution Account and are excluded from the calculation of distributable cash as they represent discretionary costs, the recoverability of which has not been established, and are incurred to assess the commercial viability of greenfield business initiatives unrelated to our existing operating businesses. The Distribution Account does not represent a cash balance, as cash we retain is generally used to reduce debt or fund investments, including acquisitions, expected to generate additional distributable cash and earnings. During the three and six months ended June 30, 2009 the Distribution Account increased by \$1.1 million and decreased by \$4.9 million, respectively, to \$78.1 million.

(\$ Thousands)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Beginning balance	76,949	77,064	82,925	69,799
Distributable cash in excess of distributions paid/payable	4,831	8,382	2,328	18,256
Project development costs ⁽¹⁾	(3,710)	(3,718)	(7,183)	(6,327)
Ending balance	78,070	81,728	78,070	81,728

(1) Reflects project development costs funded by the Partnership, the majority of which relate to Jordan Cove and Pacific Connector.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Effective January 1, 2011 Canadian publicly accountable enterprises are required to adopt International Financial Reporting Standards. Some Canadian standards will change to converge with IFRS prior to the conversion date. Our consolidated financial statements up to and including the consolidated financial statements for the year ending December 31, 2010 will continue to be reported in accordance with Canadian GAAP as it exists at each reporting date. Financial statements for the quarter ended March 31, 2011, including comparative amounts, will be reported in accordance with IFRS.

In order to transition to IFRS, we have established a project team and formed an executive steering committee. A plan to convert the consolidated financial statements to IFRS has been developed. Training is being provided to key employees and will continue to be provided throughout the conversion process. We continue to monitor the effect of the transition on information systems, internal controls over financial reporting and disclosure controls and procedures. Differences between IFRS and our current accounting policies continue to be analyzed and the impact of various alternatives is being assessed. Changes in accounting policy are likely and may materially impact the consolidated financial statements. Due to anticipated changes in IFRS prior to the conversion date, the final impact of the conversion on our consolidated financial statements cannot be measured at this time.

INTERNAL CONTROL OVER FINANCIAL REPORTING

No changes were made in our internal controls over financial reporting during the six months ended June 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(\$ Thousands; unaudited)	June 30, 2009	December 31, 2008
Assets		
Current assets		
Cash and short-term investments	32,228	56,064
Restricted cash	8,360	20,280
Transportation security deposits and revenue adjustments	2,492	7,989
Receivables	68,236	61,935
Inventory	3,569	3,913
Prepaid expenses and other	6,977	12,349
	<u>121,862</u>	<u>162,530</u>
Long-term receivables	375,194	273,392
Pipeline, plant and other capital assets	2,443,576	2,547,701
Intangible assets	113,263	121,267
Other assets	22,368	22,789
	<u>3,076,263</u>	<u>3,127,679</u>
Liabilities		
Current liabilities		
Payables	80,547	112,623
Transportation security deposits	3,738	5,581
Distribution payable	7,228	11,162
Current portion of long-term senior debt and capital leases	94,469	89,176
Exchangeable debentures	27,088	25,717
	<u>213,070</u>	<u>244,259</u>
Long-term senior debt and capital leases	1,682,535	1,758,958
Subordinated convertible debentures	23,981	23,909
Future taxes	336,006	239,823
Other long-term liabilities	55,120	60,143
	<u>2,310,712</u>	<u>2,327,092</u>
Partners' Equity		
Partners' capital account	1,028,963	1,013,278
Cumulative other comprehensive loss	(21,988)	(7,306)
Cumulative net income	577,406	546,143
Cumulative distributions	(818,830)	(751,528)
	<u>765,551</u>	<u>800,587</u>
	<u>3,076,263</u>	<u>3,127,679</u>

See accompanying Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF INCOME AND CUMULATIVE INCOME

	Three months ended June 30		Six months ended June 30	
(\$ Thousands, except per Unit amounts; unaudited)	2009	2008	2009	2008
Revenues				
Operating revenues	148,564	178,802	297,384	335,571
Interest and other	726	(118)	2,710	16,330
	149,290	178,684	300,094	351,901
Expenses				
Operations and maintenance	45,767	60,073	97,040	114,321
Depreciation and amortization	35,750	30,805	71,995	62,586
Interest and other finance	25,400	26,352	51,526	54,719
General, administrative and project development	21,077	20,100	43,489	36,800
Foreign exchange and other	(526)	7,473	2,193	14,231
	127,468	144,803	266,243	282,657
Net income before taxes	21,822	33,881	33,851	69,244
Current taxes	2,717	11,105	2,819	11,271
Future taxes	(854)	2,659	(231)	5,811
Net income	19,959	20,117	31,263	52,162
Cumulative net income at the beginning of the period	557,447	516,689	546,143	484,644
Cumulative net income at the end of the period	577,406	536,806	577,406	536,806
Net income per Unit				
Basic and diluted	0.15	0.15	0.23	0.39

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
AND CUMULATIVE OTHER COMPREHENSIVE INCOME

	Three months ended June 30		Six months ended June 30	
(\$ Thousands; unaudited)	2009	2008	2009	2008
Net income	19,959	20,117	31,263	52,162
Other comprehensive income (loss), net of taxes				
Cumulative translation adjustment				
Unrealized foreign exchange gain (loss) on translation of self-sustaining foreign operations	(38,882)	(3,186)	(25,886)	9,837
Deemed realization of cumulative translation adjustment reclassified to net income	377	7,054	1,038	15,897
Gain (loss) on hedge of self-sustaining foreign operation	11,430	744	7,870	(2,440)
Fair value loss transferred to net income	-	-	1,427	-
Other	607	216	869	3,537
	(26,468)	4,828	(14,682)	26,831
Comprehensive income (loss)	(6,509)	24,945	16,581	78,993
Cumulative other comprehensive income (loss) at the beginning of the period	4,480	(80,089)	(7,306)	(102,092)
Other comprehensive income (loss), net of taxes	(26,468)	4,828	(14,682)	26,831
Cumulative other comprehensive loss at the end of the period	(21,988)	(75,261)	(21,988)	(75,261)

See accompanying Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS

(\$ Thousands; unaudited)	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Operating				
Net income	19,959	20,117	31,263	52,162
Non-cash transportation revenue	(1,683)	(2,760)	(1,252)	(3,508)
Depreciation, amortization and other non-cash items	39,290	32,319	73,842	56,564
Unrealized foreign exchange loss	445	8,039	222	14,704
Future taxes	(854)	2,669	(231)	5,811
Changes in non-cash working capital	(23,930)	(20,872)	(26,237)	9,378
	33,227	39,512	77,607	135,111
Financing				
Long-term debt repaid	(36,300)	(33,422)	(37,287)	(35,815)
Net change in credit facilities	(12,533)	(10,496)	6,457	14,420
Distributions paid	(22,037)	(33,062)	(55,552)	(65,983)
Other	(512)	(1,258)	(512)	(402)
	(71,382)	(78,238)	(86,894)	(87,780)
Investing				
Pipeline, plant and other capital assets	(5,555)	(36,648)	(14,074)	(64,768)
Restricted cash	4,291	20,189	11,911	30,797
Other	-	-	(1,008)	(11,307)
Changes in non-cash investing working capital	(1,586)	(5,615)	(8,801)	(285)
	(2,850)	(22,074)	(11,972)	(45,563)
Increase (decrease) in cash and short-term investments before the effect of foreign exchange rate changes on cash and short-term investments	(41,005)	(60,800)	(21,259)	1,768
Effect of foreign exchange rate changes on cash and short-term investments	(3,085)	(399)	(2,577)	655
Cash and short-term investments at the beginning of the period	76,318	110,813	56,064	47,191
Cash and short-term investments at the end of the period	32,228	49,614	32,228	49,614
Cash and short-term investments	19,339	39,315	19,339	39,315
Cash and short-term investments in trust	12,889	10,299	12,889	10,299
	32,228	49,614	32,228	49,614
Supplemental disclosure of cash flow information				
Interest paid	47,986	49,171	52,700	56,617
Taxes paid, net of refunds received	125	642	22,681	1,432

See accompanying Notes to the Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 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 and six months ended June 30, 2009 and June 30, 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 adopted these changes effective January 1, 2009 and the principal effect was the balance sheet recognition of \$106.7 million in future Canadian income tax liabilities associated with Alliance, equally offset by a regulatory asset recorded in 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
Units issued under Distribution Reinvestment Plan ("DRIP") ⁽¹⁾	556,682	3,763	-	-
March 31	134,667,559	1,017,041	131,908,838	993,459
Convertible Debentures converted into Units	-	-	2,202,039	19,819
Units issued under DRIP ⁽¹⁾	1,078,728	7,850	-	-
June 30	135,746,287	1,024,891	134,110,877	1,013,278
Units to be issued under DRIP ⁽¹⁾	518,281	4,072	-	-
	136,264,568	1,028,963	134,110,877	1,013,278

(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 June 30, 2009 was 134,794,021 (2008 - 132,134,520) and 137,055,642 (2008 - 136,372,498), respectively. The weighted average number of Units outstanding used to determine net income per Unit on a basic and diluted basis for the six months ended June 30, 2009 was 135,195,266 (2008 - 131,941,456) and 137,456,887 (2008 - 136,372,498) respectively.

4. SEGMENTED INFORMATION

Three months ended June 30	Pipeline		NGL		Power		Corporate ⁽¹⁾		Total ⁽²⁾	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues ⁽³⁾	106,142	102,854	28,156	58,450	16,903	19,120	122	47	149,290	178,684
Operations and maintenance ⁽³⁾	19,942	20,597	17,221	27,088	10,637	14,175	-	-	45,767	60,073
Depreciation and amortization	29,000	26,208	786	736	4,947	2,848	1,017	1,013	35,750	30,805
Interest and other finance	22,206	21,696	41	156	479	260	2,674	4,240	25,400	26,352
General, administrative and project development	8,929	8,862	4,225	3,104	1,045	895	6,878	7,239	21,077	20,100
Foreign exchange and other	-	-	(6)	(14)	2,008	138	(2,528)	7,349	(526)	7,473
Net income (loss) before taxes	26,065	25,491	5,889	27,380	(2,213)	804	(7,919)	(19,794)	21,822	33,881
Total assets	2,410,735	2,275,902	185,782	174,954	468,299	447,336	12,369	13,161	3,076,263	2,910,664
Capital expenditures	478	4,699	369	1,716	4,684	30,170	24	63	5,555	36,648

Six months ended June 30	Pipeline		NGL		Power		Corporate ⁽¹⁾		Total ⁽²⁾	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenues ^{(3) (4)}	214,064	212,880	49,697	96,306	39,842	45,880	698	384	300,094	351,901
Operations and maintenance ⁽³⁾	39,121	36,605	35,544	50,068	26,582	31,197	-	-	97,040	114,321
Depreciation and amortization	58,034	53,537	1,666	1,388	10,263	5,436	2,032	2,225	71,995	62,586
Interest and other finance	44,605	44,630	221	427	1,061	803	5,639	8,859	51,526	54,719
General, administrative and project development	18,278	16,461	8,923	6,351	2,096	1,640	14,192	12,348	43,489	36,800
Foreign exchange and other	-	-	(6)	(15)	4,039	100	(1,840)	14,146	2,193	14,231
Net income (loss) before taxes	54,026	61,647	3,349	38,087	(4,199)	6,704	(19,325)	(37,194)	33,851	69,244
Total assets	2,410,735	2,275,902	185,782	174,954	468,299	447,336	12,369	13,161	3,076,263	2,910,664
Capital expenditures	1,688	9,823	691	4,246	11,500	50,283	195	416	14,074	64,768

(1) Reflects unallocated amounts applicable to Fort Chicago's head office activities. Corporate office general and administrative costs for the three and six months ended June 30, 2009 include project development costs of \$3.1 million (2008 - \$3.0 million) and \$5.8 million (2008 - \$5.1 million), respectively.

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

(3) For the three and six months ended June 30, 2009, Pipeline revenues include \$2.0 million (2008 - \$1.8 million) and \$4.2 million (2008 - \$3.5 million), respectively, 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 six months ended June 30, 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 six months ended June 30, 2008, Power revenues include a \$4.2 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 July 14, 2009, the Partnership declared its July distribution of \$0.0833 per Unit, payable on August 21, 2009 to Unitholders of record on July 31, 2009.

On July 15, 2009 the Partnership amended its credit agreement with a United States-based financial institution by adding a \$25 million term facility (the "2009 Term Facility") to the existing \$25 million revolving credit facility (the "2008 Revolving Credit Facility", and collectively with the 2009 Term Facility the "2008 Credit Facility"), and by extending the term of the 2008 Credit Facility such that it now matures on July 14, 2010. Outstanding Canadian dollar advances bear interest at the Canadian prime rate plus a margin and outstanding U.S. dollar advances at the U.S. base rate plus a margin. The Partnership has fully drawn on the 2009 Term Facility and has used the proceeds to repay all indebtedness under the 2008 Revolving Credit Facility and a portion of the outstanding indebtedness under the Partnership's 2004 Revolving Credit Facility. The terms and conditions of the 2008 Credit Facility include covenants customary to bank credit facilities of this nature including, among other things, meeting specified financial covenants on an ongoing basis.

On July 28, 2009, the Partnership issued \$200 million of senior unsecured notes series 1 (the "Senior Notes") pursuant to a public offering under the Partnership's short form base shelf prospectus dated May 2, 2008 and a prospectus supplement dated July 23, 2009. The Senior Notes bear interest at the rate of 5.60 percent per annum, payable semi-annually in arrears on January 28 and July 28 of each year commencing on January 28, 2010, and mature on July 28, 2014. The net proceeds from the offering of the Senior Notes were used to repay a portion of the outstanding indebtedness under the Partnership's 2004 Revolving Credit Facility, which borrowings were used, in part, to finance the August 2007 acquisition of Countryside Power Income Fund and a portion of the outstanding 6.25 percent exchangeable unsecured subordinated U.S. dollar-denominated debentures of Countryside Canada Power Inc. The terms and conditions of the Senior Notes include covenants customary to debt instruments of this nature including, among other things, meeting specified financial covenants on an ongoing basis.

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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⁽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

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

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 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 six months ended June 30, 2009 and the consolidated financial statements and MD&A included in the 2008 Annual Report. 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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