VERESEN

Veresen Announces Strong 2015 Results, Approves $930 Million Saturn Expansion and Affirms 2016 Guidance

CALGARY, ALBERTA (March 9, 2016) – Veresen Inc. ("Veresen" or the "Company") (TSX: VSN) announced today its 2015 fourth quarter and year-end results. Veresen generated distributable cash[*] of $93 million or $0.31 per Common Share for the fourth quarter of 2015. For the year, distributable cash was $310 million or $1.06 per Common Share, exceeding the midpoint of published guidance by $0.03 per share, driven by strong contributions from the Company's fee-based businesses.

"Veresen is focused on building the best connected network of natural gas and natural gas liquids infrastructure in its geographic footprint, and we have built our business to be resilient through cyclical commodity price environments," said Don Althoff, President and CEO. "Importantly, 75% of our fee-based earnings are generated from customers who are investment grade. On this solid base, we are executing on a large-scale, contracted growth program which will deliver sector-leading growth over the next five years."

In March 2016, the Cutbank Ridge Partnership ("CRP") approved the $930 million Saturn Phase 2 processing facility, the third major facility now under construction as part of the Veresen Midstream infrastructure development. Saturn Phase 2 is a fully contracted expansion to the recently constructed Saturn compressor station, and will add 200 million cubic feet per day ("MMcf/d") of compression and 400 MMcf/d of processing, and significant inlet liquids and NGL handling facilities.

Mr. Althoff added, "I am pleased with the successful implementation of our strategic plan which delivered robust results in the face of an extremely challenging commodity price environment."

2015 Financial Highlights

- Distributable cash[*] of $93 million or $0.31 per Common Share for the fourth quarter and $310 million or $1.06 per Common Share for the year.
- Adjusted net income attributable to Common Shares[1] of $15 million or $0.05 per Common Share for the fourth quarter and $66 million or $0.23 per Common Share for the year.
- Net income attributable to Common Shares of $14 million or $0.05 per Common Share for the fourth quarter and $60 million or $0.21 per Common Share for the year.
- Cash from operating activities of $76 million for the fourth quarter and $287 million for the year.

Key Strategic Initiatives

- Veresen has successfully executed on its business plan over the past two years as demonstrated by the material growth in the Company's fee-based cash flows. Today, the vast majority of Veresen's distributable cash is generated from take-or-pay or fee-for-service contracts with no volume or direct commodity exposure, from a diverse portfolio of creditworthy counterparties.

- In 2015, Veresen completed a transformational transaction with the creation of Veresen Midstream Limited Partnership ("Veresen Midstream"), jointly owned and controlled by Veresen and affiliates of Kohlberg Kravis Roberts & Co. L.P. ("KKR"). Through this transaction, Veresen Midstream has become a leading independent natural gas gathering and processing business in the heart of the Montney.

- Alliance successfully recontracted its firm pipeline capacity and transitioned into its new market-focused services offering on December 1, 2015. Alliance has established a strong business model that is competitive in today's market to ensure that the pipeline is in demand and generating stable cash flows for many years to come.
- Veresen advanced key activities related to Jordan Cove LNG and Pacific Connector Gas Pipeline ("Pacific Connector"). Veresen reached a significant regulatory milestone when the Federal Energy Regulatory Commission ("FERC") issued a final Environmental Impact Statement ("EIS") for the project in September 2015.

Financial Overview

Veresen presents adjusted net income attributable to Common Shares to enhance the comparability of its earnings. Adjusted net income represents net income adjusted for specific significant items which do not reflect the Company's underlying operations.

Adjusted Net Income attributable to Common Shares	Three months ended December 31		Year ended December 31	
($ Millions, except per Common Share amounts)	**2015**	2014	**2015**	2014[(2)]
Adjusted net income before tax [(1)]				
Pipeline	**67**	44	**256**	137
Midstream	**(1)**	21	**6**	81
Power	**8**	1	**11**	6
Veresen – Corporate and Project Development	**(44)**	(43)	**(157)**	(161)
Tax expense	**(8)**	(10)	**(26)**	(22)
Adjusted net income	**22**	13	**90**	41
Preferred Share dividends	**(7)**	(4)	**(24)**	(16)
Adjusted net income attributable to Common Shares	**15**	9	**66**	25
Per Common Share ($)	**0.05**	0.03	**0.23**	0.11

(1) See the reconciliation of adjusted net income attributable to Common Shares to net income attributed to Common Shares in the tables attached to this news release.

(2) Certain comparative figures for the year ended December 31, 2014 have been adjusted. Refer to the reconciliation noted above in the "Non-GAAP Financial Measures" section in the tables attached to this news release.

For the three months and year ended December 31, 2015, Veresen generated adjusted net income attributable to Common Shares of $15 million or $0.05 per Common Share and $66 million or $0.23 per Common Share, respectively. For the same periods last year, Veresen generated adjusted net income attributable to Common Shares of $9 million or $0.03 per Common Share and $25 million or $0.11 per Common Share. Earnings reflect increases in the Pipeline segment resulting from a full year contribution from the Ruby Pipeline and the successful re-contracting of the Alliance pipeline effective December 1, 2015. Earnings from Veresen's Pipeline segment also benefitted from favourable foreign exchange rates on U.S. business results.

Veresen's 50% interest in the Ruby pipeline, acquired November 6, 2014, contributed $116 million in adjusted earnings in 2015 compared to $16 million in 2014, providing a new stream of contracted, predictable income and diversification of the Company's portfolio of businesses.

The Midstream business generated an adjusted net loss before tax of $1 million and adjusted net income of $6 million for the three months and year ended December 31, 2015, respectively, compared to adjusted net income of $21 million and $81 million for the same periods last year. Lower adjusted earnings in the Midstream business segment were driven by persistently weak natural gas liquids ("NGL") margins at Aux Sable as a result of low propane prices, and reduced ownership in the Hythe/Steeprock business resulting from the sale of these facilities to Veresen Midstream in the first quarter of 2015.

The Power business generated adjusted net income before tax of $8 million and $11 million for the three months and year ended December 31, 2015, respectively, compared to $1 million and $6 million for the same periods in the prior year. Power adjusted earnings increased in 2015 as a result of the commissioning of new run-of-river and wind facilities in 2015.

A strategic development project for Veresen is the ongoing advancement of Jordan Cove LNG and Pacific Connector. The cost to fund this project through its development phase is expensed. Corporate costs in 2015 were relatively consistent with the prior year as higher expenditures related to this project were offset by lower general and administrative costs due to the revaluation of the Company's long-term incentive plans.

Net Income attributable to Common Shares	Three months ended December 31		Year ended December 31	
($ Millions, except per Common Share amounts)	**2015**	2014	**2015**	2014
Net income before tax				
Pipeline	**67**	44	**256**	137
Midstream	**(18)**	21	**(33)**	81
Power	**13**	(3)	**10**	(2)
Veresen – Corporate and Project Development	**(44)**	(9)	**(157)**	(122)
Gain on sale of assets (impairment)	-	(5)	**37**	9
Tax expense	**3**	(13)	**(19)**	(25)
Net income from continuing operations	**21**	35	**94**	78
Net loss from discontinued operations	**-**	(10)	**-**	(10)
Net income, before extraordinary loss	**21**	25	**94**	**68**
Extraordinary loss, net of tax	-	-	**(10)**	**-**
Net income	**21**	25	**84**	68
Preferred Share dividends	**(7)**	(4)	**(24)**	(16)
Net income attributable to Common Shares	**14**	21	**60**	52
Per Common Share ($)	**0.05**	0.08	**0.21**	0.24

For the three months and year ended December 31, 2015, Veresen generated net income attributable to Common Shares of $14 million or $0.05 per Common Share and $60 million or $0.21 per Common Share, respectively. For the same periods last year, Veresen generated net income attributable to Common Shares of $21 million or $0.08 per Common Share and $52 million or $0.24 per Common Share.

In addition to the factors impacting adjusted net income, net income reflects a number of non-operational or unusual items.

For the three months and year ended December 31, 2015, Midstream results include a non-cash provision of $16 million and $32 million, respectively, related to the Aux Sable business. Net income for the year also includes a $37 million pre-tax gain, recorded in the first quarter of 2015, associated with the sale of the Hythe/Steeprock facilities to Veresen Midstream.

The revaluation of the Power interest rates hedge amounted to an unrealized pre-tax gain of $5 million and an unrealized pre-tax loss of $1 million for the fourth quarter and the year ended December 31, 2015, respectively, compared to an unrealized pre-tax loss of $4 million and $12 million in the same periods last year.

Net income for the year includes the recognition of an extraordinary after-tax loss of $10 million representing the one-time net effect of Alliance's de-recognition of certain regulatory assets and liabilities in the second quarter of 2015.

Distributable Cash [1]	Three months ended December 31		Year ended December 31	
($ Millions, except per Common Share amounts)	**2015**	2014	**2015**	2014
Pipeline	**83**	57	**302**	180
Midstream	**19**	34	**76**	131
Power	**14**	8	**43**	47
Veresen – Corporate	**(9)**	(18)	**(53)**	(66)
Current tax	**(7)**	(9)	**(34)**	(23)
Preferred Share dividends	**(7)**	(4)	**(24)**	(16)
Distributable Cash [1]	**93**	68	**310**	253
Per Common Share ($)	**0.31**	0.26	**1.06**	1.12

[1] See the reconciliation of distributable cash to cash from operating activities in the tables attached to this news release.

For the fourth quarter and year ended December 31, 2015, Veresen generated distributable cash of $93 million or $0.31 per Common Share and $310 million or $1.06 per share, respectively, compared to $68 million or $0.26 per Common Share and $253 million or $1.12 per Common Share for the same periods last year.

Distributable cash from Veresen's operating businesses largely reflects the same factors impacting adjusted net income. Increased cash flows generated by Veresen's Pipeline business and reduced Corporate costs were partially offset by reduced cash flow from Aux Sable, and higher cash taxes and preferred dividends.

Alliance Pipeline

On December 1, 2015, Alliance pipeline transitioned to a new services offering with a new set of shipping contracts under a new regulatory framework. Alliance has fully re-contracted the firm capacity of the pipeline on a take-or-pay basis with a diversified group of approximately 30 shippers for an average term of five years.

Alliance no longer operates as a cost of service pipeline and now offers firm service at fixed rates and seasonal and interruptible service at market-based rates. Demand for these new services has been strong and the Alliance pipeline has been flowing in excess of firm capacity of 1.325 bcf/d since December 2015, with continued strong demand for ancillary services including seasonal firm and an uptake in interruptible capacity.

Veresen Midstream

In 2015, Veresen Midstream made excellent progress in advancing its business plan. In the first quarter of 2015, Veresen Midstream closed the acquisition of certain natural gas gathering and compression assets supporting Montney development in the Dawson area of northeastern British Columbia from Encana Corporation ("Encana") and CRP, a partnership between Encana and a subsidiary of Mitsubishi Corporation. As part of this transaction, Veresen Midstream will undertake up to $5 billion of new midstream expansion for Encana and CRP in the Montney region over a five-year period.

Construction of the 200 MMcf/d Saturn Phase 1 compression station was completed and commenced operations in mid-2015 and has operated as expected since that time. In addition, in October and December 2015, respectively, CRP sanctioned the 400 MMcf/d Sunrise gas plant and the 200 MMcf/d Tower gas plant, both of which are currently under construction. In March 2016, CRP sanctioned the $930 million Saturn Phase 2 processing facility, the third major facility now under construction as part of the Veresen Midstream infrastructure development with CRP. Saturn Phase 2 is an expansion to the previously constructed Saturn compressor station and will add 200 MMcf/d of additional compression, 400 MMcf/d of processing and significant inlet liquids and NGL handling facilities.

Collectively, the three facilities under construction represent $2.5 billion (gross) of new midstream capital investment under the agreement with CRP. When all three of these facilities are operational, the last of which is expected in2018, Veresen Midstream will have 1.5 billion cubic feet per day ("bcf/d") of processing capacity in operation and will be a dominant player in the core of the Montney, one of North America's most prolific and competitive resource plays. Once commissioned, these facilities are expected to generate between $250 million to $300 million of gross incremental run-rate EBITDA, based on target volumes.

Veresen Midstream will fund approximately 55% to 60% of the construction costs of the Sunrise, Tower and Saturn gas plants with its existing $1.275 billion credit facility and additional non-recourse debt at the partnership level, with the balance to be contributed by Veresen and KKR over time. Veresen expects to fund the majority of its share of future contributions to Veresen Midstream with ongoing proceeds received from equity issued in connection with Veresen's Premium Dividend™ and Dividend Reinvestment Plan ("DRIP").

Veresen Midstream is also proceeding with a 50 MMcf/d refrigeration expansion of its Hythe gas processing facility. Veresen Midstream has received all regulatory approvals for the expansion, which is expected to be in service in the fall of 2016 at a capital cost of $25 million. The additional capacity is in support of increased liquids-rich production by CRP. The Hythe facility expansion is governed by the existing Midstream Services Agreement and will have substantially similar commercial terms.

Veresen Midstream is Veresen's primary growth vehicle for its Canadian natural gas and NGL midstream business. Through Veresen Midstream, Veresen expects that its fee-based cash flow will grow substantially in 2018. Veresen Midstream's infrastructure is under very long-term contracts with no direct commodity price exposure. Veresen Midstream has a mix of take-or-pay and fee-for-service contracts, with the fee-for-service component protected by an acreage dedication, minimum cash flow commitment and fee resets on gathering pipelines.

Jordan Cove LNG and Pacific Connector Gas Pipeline

Veresen continued to make steady progress in advancing its LNG development project. On September 30, 2015, the FERC issued a final EIS for Jordan Cove LNG and the Pacific Connector, marking a significant regulatory milestone for the project. Veresen expects the FERC to issue a final order and certificate for Jordan Cove LNG and Pacific Connector in due course. Veresen is comfortable with the mitigation conditions recommended in the conclusions of the final EIS.

Corporate

Veresen is committed to maintaining a strong balance sheet and, in 2015, the Company took steps to strengthen its liquidity, reduce borrowing costs and reduce its leverage. Veresen used the $420 million in cash it received from Veresen Midstream to partially repay the Acquisition Credit Facility related to the acquisition of the Ruby pipeline. In addition, in April 2015, Veresen issued Preferred Shares for gross proceeds of $200 million. Veresen also increased its Revolving Credit Facility to $750 million from $550 million. Veresen used proceeds from its Preferred Share offering and drew on its Revolving Credit Facility to repay the outstanding amount on the Acquisition Credit Facility.

At December 31, 2015, Veresen had $581 million of available, undrawn capacity on its revolving credit facility. Veresen expects this liquidity, in addition to proceeds from its DRIP and cash from operations, will be sufficient to fund its operating and capital requirements.

Veresen maintains strong investment grade credit ratings. Standard & Poor's and DBRS Limited have both recently reaffirmed Veresen's BBB (stable) credit rating.

2016 Guidance

Veresen affirms its 2016 distributable cash to be in the range of $0.94 per Common Share to $1.08, unchanged from guidance published in December 2015. The effect of continued weak fractionation margins expected to be realized by Aux Sable and dilution from issuing shares through DRIP at a lower share price is largely offset by the effect of the weaker Canadian dollar. Further details concerning the 2016 guidance can be found on Veresen's web site at www.vereseninc.com.

New Independent Director Nominee and Retirement of Director

Mr. Doug Arnell has been nominated to stand for election as a director of Veresen at the Company's Annual General Meeting on May 4, 2015. Mr. Arnell is the President and Chief Executive Officer of Helm Energy Advisors Inc., a private company he founded in March 2015 that provides advisory services to the global energy sector. Prior to founding Helm Energy, Mr. Arnell was employed with Golar LNG Ltd., a U.S. public company focused on owning and operating LNG midstream floating assets, from September 2010 to March 2015, including as Chief Executive Officer from February 2011 to March 2015. Prior to joining Golar LNG, Mr. Arnell held various senior positions within the BG Group of companies from 2003 to 2010, and with other energy companies prior to that time. Mr. Arnell has a Bachelor of Science Degree in Mechanical Engineering from the University of Calgary.

"Doug is an excellent nominee given his depth and breadth of expertise in the energy sector," said Stephen Mulherin, Chairman of the Board. "I believe Doug will bring valuable insight and guidance as Veresen continues to execute its growth strategy."

Mr. Robert J. Iverach, a director of Veresen since 2007, has advised that he will not be standing for re-election to Veresen's Board of Directors at its Annual General Meeting on May 4, 2016. Veresen thanks Mr. Iverach for his years of dedicated service and contributions as a director and a member of several committees of the Board.

Conference Call and Webcast

Veresen will host a conference call and webcast on March 10, 2016 at 6 am MT (8 am ET) to discuss its results.

Dial in: (877) 291-4570 / (647) 788-4919
Conference ID: 43997073

The link to the conference call webcast is available on Veresen's website on the homepage.

A replay of the call will be available at approximately 10 am MT (12 pm ET) on March 10, 2016 by dialing 1 (800) 585-8367 and 1 (416) 621-4642. The access code is 43997073, followed by the pound sign. The replay will expire at midnight (ET) on March 24, 2016.

MD&A, Financial Statements and Notes

The Management's Discussion and Analysis ("MD&A") and consolidated financial statements provide a detailed explanation of Veresen's financial results for the fourth quarter and year ended December 31, 2015 compared to the fourth quarter and year ended December 31, 2014 and should be read in conjunction with this news release. These documents are available at www.vereseninc.com and at www.sedar.com.

About Veresen Inc.

Veresen is a publicly-traded dividend paying corporation based in Calgary, Alberta that owns and operates energy infrastructure assets across North America. Veresen is engaged in three principal businesses: a pipeline transportation business comprised of interests in the Alliance Pipeline, the Ruby Pipeline and the Alberta Ethane Gathering System; a midstream business which includes a partnership interest in Veresen Midstream Limited Partnership which owns assets in western Canada, an ownership interest in Aux Sable, a world-class natural gas liquids (NGL) extraction facility near Chicago, and other natural gas and NGL processing energy infrastructure; and a power business comprised of a portfolio of assets in Canada. Veresen is also developing Jordan Cove LNG, a six million tonne per annum natural gas liquefaction facility proposed to be constructed in Coos Bay, Oregon, and the associated Pacific Connector Gas Pipeline. In the normal course of business, Veresen regularly evaluates and pursues acquisition and development opportunities.

Veresen's Common Shares and Cumulative Redeemable Preferred Shares Series A, Series C and Series E trade on the Toronto Stock Exchange under the symbols "VSN", "VSN.PR.A", "VSN.PR.C" and "VSN.PR.E", respectively. For further information, please visit www.vereseninc.com.

Forward-Looking Information

Certain information contained herein relating to, but not limited to, Veresen and its businesses constitutes forward-looking information under applicable securities laws. All statements, other than statements of historical fact, which address activities, events or developments that Veresen expects or anticipates may or will occur in the future, are 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 news release include, but are not limited to, statements with respect to: the financial impact of the new service offerings by Alliance; the cost and timing of the completion of the Saturn compression station and the Tower and Sunrise gas plants owned by Veresen Midstream and the processing capacity and EBITDA of Veresen Midstream after the completion of those facilities; the amount of growth in fee-based cash flow from Veresen Midstream realized by Veresen; the timing for regulatory approvals for Jordan Cove LNG and Pacific Connector Gas Pipeline; Veresen's ability to negotiate long term service agreements with offtake customers for LNG; Veresen's ability to realize its growth objectives; the availability of financing for current capital projects and new investment opportunities; and the ability of each of its businesses to generate distributable cash in 2016. The risks and uncertainties that may affect the operations, performance, development and results of Veresen's businesses include, but are not limited to, the following factors: the ability of Veresen to successfully implement its 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; Veresen's ability to successfully obtain regulatory approvals; changes in tax, regulatory, environmental, and other laws and regulations; competitive factors in the pipeline, midstream 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 Veresen's operations or financial results are included in its 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 Veresen believes that the expectations conveyed by the forward-looking information are reasonable based on information available 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 result achieved will vary from the information provided herein and the variations may be material. Veresen makes 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 Veresen does not undertake any obligation to update publicly or to revise any forward-looking information, whether as a result of new information, future events or otherwise. Any forward-looking information contained herein is expressly qualified by this cautionary statement.

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

For further information, please contact:

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**   This is not a standard measure under GAAP and may not be comparable to similar measures used by other entities. See the reconciliation to the nearest GAAP measure in the tables attached to this news release.*

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Veresen Inc.

Consolidated Statement of Financial Position

(Canadian $ Millions; number of shares in Millions)	December 31, 2015	December 31, 2014
Assets		
Current assets		
Cash and short-term investments	58	51
Restricted cash	7	5
Distributions receivable	52	46
Accounts receivable and other	36	68
Assets held for sale	-	39
	153	209
Investments in jointly-controlled businesses	1,312	885
Investments held at cost	1,981	1,660
Rate-regulated asset	-	24
Pipeline, plant and other capital assets	919	1,504
Intangible assets	151	393
Due from jointly-controlled businesses	42	44
Other assets	13	18
	4,571	4,737
Liabilities		
Current liabilities		
Accounts payable and other	65	71
Deferred revenue	2	2
Dividends payable	25	8
Current portion of long-term senior debt	13	11
Liabilities associated with assets held for sale	-	4
	105	96
Long-term senior debt	1,087	1,800
Deferred tax liabilities	256	256
Other long-term liabilities	36	53
	1,484	2,205
Shareholders' Equity		
Share capital		
Preferred shares	536	342
Common shares (299 and 285 outstanding at December 31, 2015 and December 31, 2014, respectively)	3,354	3,186
Additional paid-in capital	4	4
Cumulative other comprehensive income (loss)	359	(65)
Accumulated deficit	(1,166)	(935)
	3,087	2,532
	4,571	4,737

Veresen Inc.

Consolidated Statement of Income

(Canadian $ Millions, except per Common Share amounts)	Three months ended December 31 2015	Three months ended December 31 2014	Year ended December 31 2015	Year ended December 31 2014
Equity income	20	33	77	146
Dividend income	31	16	116	16
Operating revenues	40	68	187	302
Operations and maintenance	(16)	(28)	(76)	(141)
General and administrative	(5)	(13)	(38)	(49)
Project development	(29)	(20)	(85)	(79)
Depreciation and amortization	(14)	(21)	(60)	(83)
Interest and other finance	(11)	(17)	(53)	(59)
Foreign exchange and other	2	35	8	41
Gain on sale of assets, net of impairment loss	-	(5)	37	9
Net income before tax	18	48	113	103
Current tax	(6)	(10)	(37)	(30)
Deferred tax	9	(3)	18	5
Net income from continuing operations	21	35	94	78
Discontinued operations				
Net loss from discontinued operations before tax	-	(16)	-	(16)
Income tax on discontinued operations	-	6	-	6
Discontinued operations loss	-	(10)	-	(10)
Net income, before extraordinary loss	21	25	94	68
Extraordinary loss, net of tax	-	-	(10)	-
Net income	21	25	84	68
Preferred Share dividends	(7)	(4)	(24)	(16)
Net income attributable to Common Shares	14	21	60	52
Net income per Common Share, basic and diluted				
Continuing operations	0.05	0.12	0.25	0.28
Discontinued operations	-	(0.04)	-	(0.04)
Extraordinary loss	-	-	(0.04)	-
	0.05	0.08	0.21	0.24

Consolidated Statement of Comprehensive Income

(Canadian $ Millions; unaudited)	Three months ended December 31 2015	Three months ended December 31 2014	Year ended December 31 2015	Year ended December 31 2014
Net income	21	25	84	68
Other comprehensive income				
Unrealized foreign exchange gain on translation	86	42	424	69
Other comprehensive income	86	42	424	69
Comprehensive income	107	67	508	137
Preferred Share dividends	(7)	(4)	(24)	(16)
Comprehensive income attributable to Common Shares	100	63	484	121

Veresen Inc.

Consolidated Statement of Cash Flows

	Three months ended December 31		Year ended December 31	
(Canadian $ Millions; unaudited)	**2015**	**2014**	**2015**	**2014**
Operating				
Net income	21	25	84	68
Net loss from discontinued operations	-	10	-	10
Equity income	(20)	(33)	(77)	(146)
Distributions from jointly-controlled businesses	69	57	237	225
Depreciation and amortization	14	21	60	83
Foreign exchange and other non-cash items	(6)	11	6	9
Deferred tax	(9)	3	(18)	(5)
Gain on sale of assets, net of impairment loss	-	5	(37)	(9)
Extraordinary loss, net of tax	-	-	10	-
Foreign exchange gain on investment activities	-	(39)	-	(39)
Changes in non-cash working capital	7	4	22	7
Cash provided by continuing operations	76	64	287	203
Cash provided by discontinued operations	-	7	-	12
	76	71	287	215
Investing				
Acquisitions, net of cash acquired	-	(1,635)	-	(1,635)
Foreign exchange gain on investment activities	-	39	-	39
Proceeds from sale of assets	-	-	420	19
Investments in jointly-controlled businesses	(20)	(55)	(60)	(74)
Return of capital from jointly-controlled businesses	4	-	30	11
Pipeline, plant and other capital assets	(9)	(39)	(58)	(148)
Other	1	2	-	(2)
Cash provided (used) by continuing operations	(24)	(1,688)	332	(1,790)
Cash provided (used) in discontinued operations	-	(1)	34	(4)
	(24)	(1,689)	366	(1,794)
Financing				
Long-term debt issued, net of issue costs	-	722	-	920
Long-term debt repaid	(4)	(4)	(738)	(262)
Net change in credit facilities, net of issue costs	(58)	81	25	(41)
Common shares issued, net of issue costs	-	884	-	1,157
Preferred Shares issued, net of issue costs	-	-	194	-
Common Share dividends paid	(28)	(35)	(107)	(156)
Preferred Share dividends paid	(7)	(4)	(24)	(16)
Other	(8)	1	(8)	4
	(105)	1,645	(658)	1,606
Increase (decrease) in cash and short-term investments	(53)	27	(5)	27
Effect of foreign exchange rate changes on cash and short-term investments	3	-	12	(1)
Cash and short-term investments at the beginning of the period	108	24	51	25
Cash and short-term investments at the end of the period	58	51	58	51

Veresen Inc.

Distributable Cash

(Canadian $ Millions, except per Common Share amounts; unaudited)	Three months ended December 31 2015	2014	Year ended December 31 2015	2014
Pipeline	83	57	302	180
Midstream	19	34	76	131
Power	14	8	43	47
Veresen-Corporate	(9)	(18)	(53)	(66)
Current tax	(7)	(9)	(34)	(23)
Preferred Share dividends	(7)	(4)	(24)	(16)
Distributable cash (1)	93	68	310	253
Distributable cash per Common Share ($) (2)	0.31	0.26	1.06	1.12
Dividends paid/payable (3)	73	66	291	227
Dividends paid/payable per Common Share ($)	0.25	0.25	1.00	1.00

(1) Distributable cash is not a standard measure under generally accepted accounting principles in the United States and may not be comparable to similar measures presented by other entities. Distributable cash represents the cash available to Veresen for distribution to common shareholders after providing for debt service obligations, Preferred Share dividends, and any maintenance and sustaining capital expenditures. Distributable cash does not include distribution reserves, if any, available in jointly-controlled businesses, project development costs, or transaction costs incurred in conjunction with acquisitions. Project development costs are discretionary, non-recoverable costs incurred to assess the commercial viability of greenfield business initiatives unrelated to the Company's operating businesses. The Company considers transaction costs to be part of the consideration paid for an acquired business and, as such, are unrelated to the Company's operating businesses. Distributable cash is an important measure used by the investment community to assess the source and sustainability of Veresen's cash distributions and should be used to supplement other performance measures prepared in accordance with generally accepted accounting principles in the United States. See the following table for the reconciliation of distributable cash to cash from operating activities.

(2) The number of Common Shares used to calculate distributable cash per Common Share is based on the average number of Common Shares outstanding at each record date. For the three months ended December 31, 2015, the average number of Common Shares outstanding for this calculation was 297,352,229 (2014 – 265,439,461) on a basic and diluted basis, respectively. For the year ended December 31, 2015 the average number of Common Shares outstanding for this calculation was 291,922,846 (2014 – 227,284,693 and 231,798,513) on a basic and diluted basis, respectively.

(3) Includes $45 million and $182 million of dividends for the three and twelve months ended December 31, 2015, respectively (2014 - $42 million and $81 million) satisfied through the issuance of Common Shares under the Company's Premium Dividend™ (trademark of Canaccord Genuity Corp.) and Dividend Reinvestment Plan.

Veresen Inc.

Reconciliation of Distributable Cash to Cash from Operating Activities

(Canadian $ Millions; unaudited)	Three months ended December 31 2015	Three months ended December 31 2014	Year ended December 31 2015	Year ended December 31 2014
Cash from operating activities	76	71	287	215
Add (deduct):				
Project development costs (4)	29	20	85	79
Change in non-cash working capital and other	(3)	(13)	(19)	(2)
Principal repayments on senior notes	(3)	(3)	(12)	(12)
Maintenance capital expenditures	(2)	(1)	(4)	(6)
Distributions earned less than distributions received (5)	3	(2)	(3)	(5)
Preferred Share dividends	(7)	(4)	(24)	(16)
Distributable cash	93	68	310	253

(4) Represents costs incurred by us in relation to projects where the recoverability of such costs has not yet been established. Amounts incurred for the three months and year ended December 31, 2015 relate primarily to the Jordan Cove LNG terminal project, the Pacific Connector Gas Pipeline project, and various other development projects.
(5) Represents the difference between distributions declared by jointly-controlled businesses and distributions received.

Veresen Inc.

Reconciliation of Net Income to Adjusted Net Income Attributable to Common Shares

(Canadian $ Millions; unaudited)	**Three months ended December 31** 2015	2014	**Year ended December 31** 2015	2014
Adjusted net income attributable to Common Shares	15	9	66	25
Extraordinary loss, net of tax (6)	-	-	(10)	-
Midstream - gain on sale of assets (7)	-	-	37	-
Midstream - unrealized loss on revaluation of Veresen Midstream debt (8)	(12)	-	(37)	-
Midstream - unrealized gain on Veresen Midstream cross currency swap (9)	11	-	32	-
Midstream - write-down of deferred financing costs (10)	-	-	(2)	-
Midstream - potential customer settlement (11)	(16)	-	(32)	-
Power - loss from discontinued operations before tax (12)	-	(16)	-	(16)
Power - unrealized gain/(loss) on interest rate hedge (13)	5	(4)	(1)	(12)
Power - one time York OPA settlement (14)	-	-	-	4
Corporate - gain on sale of assets (15)	-	-	-	14
Corporate - gain on forward foreign exchange contracts	-	34	-	39
Corporate - asset impairment loss (16)	-	(5)		(5)
Taxes (17)	5	3	5	3
Effect of Alberta corporate tax rate increase (18)	6	-	2	-
Net income attributable to Common Shares	14	21	60	52

Net income attributable to Common Shares includes the following items which are non-operating in nature and/or unusual items and which we do not expect to recur:
(6) Loss due to the de-recognition of regulatory assets and liabilities related to Alliance.
(7) Gain on the sale of the Hythe/Steeprock assets to Veresen Midstream on March 31, 2015.
(8) Loss on the revaluation of US dollar-denominated Term Loan B held by Veresen Midstream.
(9) Gain on the Veresen Midstream cross currency swap entered into to hedge the impact of changes in foreign exchange and interest rates on the Term Loan B held by Veresen Midstream.
(10) Adjustment to deferred financing costs related to fees incurred on a modification to Veresen Midstream's debt.
(11) Provision recognized in 2015 in respect of potential adjustments relating to Aux Sable customer obligations.
(12) Results relating to U.S. gas-fired assets that were sold January 8, 2015.
(13) Gain (loss) on revaluation of interest rate hedge held by York Energy Centre and Grand Valley Wind Farms.
(14) Retroactive adjustment received in relation to York Energy Center's purchase agreement with the OPA.
(15) Gains on the sale of the Culliton Creek run-of-river development project and our 50% interest in Alton Gas Storage.
(16) Impairment of land we own in Ontario.
(17) The related taxes on the adjusting items described above.
(18) Impact of increased corporate income tax rates in the province of Alberta and a lower rate in the U.S. due to a U.S.-based organizational restructuring.