



Veresen Announces First Quarter Financial Results and Increased 2017 Guidance

CALGARY, Alberta, May 3, 2017 – Veresen Inc. ("Veresen") (TSX: VSN) today announced its first quarter operating and financial results.

"Veresen delivered solid financial and operating results in the first quarter of 2017," said Don Althoff, President and CEO of Veresen. "Alliance posted another strong quarter as we look to extend contracts on the pipe and explore a potential expansion, while construction on our major growth projects at Veresen Midstream is tracking ahead of schedule and below budget."

Financial and Operational Highlights

- Generated distributable cash in the first quarter of \$104 million (\$0.33 per Common Share), a significant increase over both the \$81 million (\$0.27 per Common Share) in the first quarter of 2016 and the \$80 million (\$0.25 per Common Share) in the fourth quarter of 2016
- Realized strong performance from Alliance, with the highest throughput to date under the new service model, driven by robust demand for Seasonal Firm service
- Invested \$320 million (\$150 million net to Veresen) in growth capital within Veresen Midstream during the quarter, including \$245 million (\$115 million net to Veresen) for the construction of the Sunrise, Tower and Saturn Phase II processing facilities
- Increased full year 2017 distributable cash guidance mid-point by 6% to \$1.13 per Common Share on the strength of Alliance's performance, an improved outlook for NGL margins at Aux Sable, as well as management's continued confidence in the strength of the underlying business

Agreement to Combine with Pembina

- Subsequent to the end of the quarter, Veresen entered into an arrangement agreement with Pembina Pipeline Corporation ("Pembina"), under which Pembina will acquire all the issued and outstanding common shares of Veresen in exchange for \$18.65 in cash or 0.4287 of a common share of Pembina, subject to maximum consideration of approximately 99.5 million Pembina common shares and \$1.523 billion in cash. At announcement, the offer represented a 22.5% premium to Veresen's last closing price
- Veresen expects the combined entity will bolster the delivery of the existing strategy through an integrated business across the energy infrastructure value chain with a portfolio of over \$5.5 billion in secured projects to drive meaningful per share growth. The combined entity will have a strong market position that would be difficult to replicate on a stand-alone basis and will be more favourably positioned to secure and execute future growth opportunities due its geographic footprint and enhanced capabilities. The combined entity will also offer an attractive cash dividend underpinned entirely by fee-based cash flows at a lower payout ratio with a stronger balance sheet

Update on Current Initiatives

- Executed a suite of agreements during the quarter for the sale of the power generation business for \$1.18 billion. Proceeds from the sale are more than sufficient to fully fund the remaining equity component of the approximately \$1.5 billion of projects currently under construction
- Initiated discussions with Alliance shippers to extend the term of existing contracts and announced a non-binding request for expressions of interest to support an approximately 0.5 bcf/d expansion of Alliance through additional compression, with a target in-service date in late 2020
- Advanced Sunrise, Tower and Saturn Phase II, with costs continuing to track below budget and construction ahead of schedule with over 65% of the total \$2.5 billion in capital (\$1.2 billion net to Veresen) incurred to date. Veresen continues to expect that Sunrise and Tower will be placed into service near the end of 2017, with Saturn Phase II in service in early 2018

Financial Overview

Three Months Ended March 31

(\$ Millions, except per Common Share amounts)	2017	2016
Adjusted net income attributable to Common Shares⁽¹⁾	37	16
Per Common Share (\$)	0.12	0.05
Net income attributable to Common Shares	47	7
Per Common Share (\$)	0.15	0.02
Distributable Cash⁽¹⁾		
Pipeline	96	76
Midstream	19	16
Power	14	11
Veresen – Corporate	(19)	(16)
Preferred Share dividends	(6)	(6)
Total Distributable Cash	104	81
Per Common Share (\$)	0.33	0.27

(1) Adjusted net income attributable to Common Shares and Distributable Cash are non-GAAP measures. See the reconciliations to GAAP measures in tables attached to this news release.

Veresen generated adjusted net income attributable to Common Shares of \$37 million or \$0.12 per Common Share in the first quarter, driven by strong results from Alliance and Aux Sable combined with reduced project development spending.

Distributable cash for the first quarter was \$104 million or \$0.33 per Common Share, compared to \$81 million or \$0.27 per Common Share for the same period last year. This was driven by increases from each business segment and partly offset by higher interest costs.

Proportionate Consolidation⁽¹⁾

Three Months Ended March 31, 2017 (\$ millions)	Pipeline			Midstream		Power	Corporate ⁽⁵⁾	Total
	Alliance ⁽²⁾	Ruby ⁽³⁾	AEGS	Veresen Midstream ⁽⁴⁾	Aux Sable			
EBITDA	85	53	6	17	9	26	(8)	188
Interest	(11)	(13)	(1)	(4)		(6)	(11)	(46)
Principal Repayment	(16)	(12)	(1)	(1)	(1)	(5)		(36)
Maintenance Capex					(1)	(1)		(2)
Other	4	2		3	(3)		(6)	
Distributable Cash	62	30	4	15	4	14	(25)	104
Long-term Debt	713	715	77	839	5	387	1,352	4,088
Growth Capital				150	1		11	162

- (1) This table contains non-GAAP measures. Balances for Veresen's jointly controlled businesses represent Veresen's proportional share based on Veresen's ownership interest, and includes consolidation adjustments. See the reconciliation of distributable cash to cash from operating activities attached to this news release.
- (2) Approximately 54% of Alliance EBITDA was earned in C\$. "Other" represents funds distributed from available liquidity.
- (3) Ruby EBITDA presented as a 50% proportionate share with benefit of preferred distribution structure reflected in "other".
- (4) Veresen Midstream ownership structure provides for Veresen to receive approximately 60% of the cash distributions from the Partnership while Veresen is entitled to approximately 47% of net income in 2017.
- (5) Corporate EBITDA and growth capital do not include \$16 million of Jordan Cove project development spending expensed during the quarter. Corporate "other" relates to preferred share dividends. Corporate growth capital is presented on an incurred basis and includes \$11 million of Burstall investment during the quarter.

Business Segment Overview

Volumes by Segment	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Pipeline					
Alliance (bcf/d)					
Firm	1.356	1.248	1.338	1.320	1.391
Seasonal Firm	0.216	0.136	0.153	0.144	0.094
Priority Interruptible Transportation Service and Interruptible Transportation	0.100	0.051	0.053	0.095	0.139
Total Canadian Volumes	1.672	1.435	1.544	1.559	1.624
U.S. Bakken Volumes	0.096	0.112	0.138	0.139	0.131
Total Deliveries into Channahon	1.768	1.547	1.682	1.698	1.755
Ruby (bcf/d)	0.714	0.609	0.698	0.555	0.705
AEGS (mbbls/d)	286	306	298	287	286
Midstream					
Veresen Midstream (mmcf/d)					
Hythe / Steeprock	381	385	385	385	386
Dawson	715	722	670	724	767
Total Veresen Midstream	1,096	1,107	1,055	1,109	1,153
Aux Sable (mbbls/d)	89	80	65	91	69

Pipeline

Alliance

Throughput volumes on Alliance were very strong in the first quarter of 2017, with total deliveries into Channahon of 1.768 bcf/d slightly higher than the 1.755 bcf/d delivered in the first quarter of 2016. Importantly, an increase in the proportion of Canadian volumes and robust sales of Seasonal Firm resulted in higher revenues. Since Canadian volumes are transported through several segments of the pipeline, Alliance collects higher per unit tolls on Canadian deliveries into Channahon than from U.S. Bakken deliveries. As well, Alliance sells Seasonal Firm at a premium to Firm or IT service, resulting in higher weighted average tolls.

Shipper demand for Seasonal Firm service remains strong, driven largely by a wide AECO – Chicago gas price basis differential, and is augmented by Alliance's high rate of availability which provides alternative transportation services to shippers when there are outages or curtailments on other egress options out of western Canada. Demand is also driven by Alliance's unique capability to transport liquids out of the basin.

Distributable cash from Alliance in the first quarter of 2017 was \$62 million, a significant increase from both the \$41 million for the first quarter of 2016 and \$47 million in the fourth quarter of 2016. Relative to the comparable quarter in 2016, distributable cash in the first quarter of 2017 was higher as a result of increased revenues, lower interest expense resulting from ongoing principal amortization, and lower maintenance capital. First quarter 2017 distributable cash also includes incremental funds distributed from Alliance's available liquidity.

Veresen believes that several upside opportunities exist at Alliance, while market dynamics are expected to continue to underpin strong throughput volumes over the near- and medium-term. In response to shipper interest, Alliance has begun discussions with shippers to extend the term of existing contracts and

announced a non-binding request for expressions of interest to support an approximately 0.5 bcf/d expansion of Alliance through additional compression, with a target in-service date in late 2020.

While both the re-contracting discussions and the process for a potential expansion of Alliance are at an early stage, initial interest from shippers is very encouraging. On the strength of the favourable response for a potential expansion, Alliance will begin the engineering, commercial and regulatory preparations required to support a binding open season expected to be launched over the next 12 months. Veresen believes that successful re-contracting of the current capacity remains an important step towards re-evaluating the optimal capital structure at Alliance and advancing a potential expansion of the pipeline's capacity.

Ruby

Volumes on Ruby in the first quarter continued to be impacted by low western Canadian natural gas pricing and a weak Canadian dollar, which improved AECO's competitiveness into Malin Hub relative to sourcing from Opal Hub. Volumes in the first quarter were stronger than in the fourth quarter of 2016 and in-line with the first quarter of the prior year.

Veresen's perpetual, cumulative preferred distribution from Ruby provides the company with US\$91 million per year and is underpinned by long-term take-or-pay contracts with predominantly investment grade shippers. Variance in Veresen's distributable cash is only as a result of fluctuating foreign exchange rates. The preferred interest can only be converted into a common interest at Veresen's election or if additional firm volumes are contracted at terms similar to those held by existing shippers, which would effectively fill the pipeline and, upon conversion to a common equity interest, hold Veresen's distribution whole relative to the current preferred amount.

At the end of the first quarter, Veresen and its common equity partner refinanced Ruby's US\$250 million (100%) note maturity with a term loan from a syndicate of Canadian banks. Concurrently, Veresen and its common equity partner have jointly put in place a US\$250 million (100%) subordinated note due in 2026 with a 10% coupon rate to fund the repayments on the new term loan.

The company believes the refinancing reflects the long-term value of Ruby and augments the continued payment of Veresen's preferred distribution while improving the pipeline's competitiveness. Veresen continues to expect that increasing natural gas demand in the Western US, Mexico and US Gulf Coast will help drive future volumes on Ruby and support the successful recontracting of the first tranche of contracts in mid-2021.

AEGS

Both volumes and distributable cash from AEGS remain very stable. AEGS is a critical part of the infrastructure supporting the petrochemical industry in Alberta, with distributable cash underpinned by long-term take-or-pay contracts. The existing agreements have been in place since 1998 and expire at the end of 2018.

Midstream

Veresen Midstream

At Veresen Midstream, the Veresen-operated facilities ran at nearly 100% plant reliability in the first quarter. Volumes at Hythe / Steeprock remain in-line with expectations under the existing take-or-pay contract, and include some volumes from third party producers. During the second quarter, Veresen Midstream expects

to undertake a scheduled two week turn-around of the Hythe gas processing plant. The scheduled turnaround is not expected to impact Veresen Midstream's revenue under the existing take-or-pay agreement.

Volumes at Dawson are consistent with expectations as additional infrastructure currently under construction is required to facilitate increases in throughput ahead of the Tower and Sunrise gas processing facilities coming into service later this year.

During the first quarter, Veresen Midstream provided Veresen with approximately \$15 million in distributable cash. Veresen's share of EBITDA for the quarter of \$17 million was in-line with the last several quarters. EBITDA from Dawson will continue to grow as additional gathering lines, compression, liquids handling and gas plants are brought into service, while operating costs continue to be consistent with expectations.

Construction of the three processing facilities is ahead of schedule and is trending under budget, with more than 65% of capital incurred to date. The company expects the combined cost of the processing facilities currently under construction to be approximately \$2.5 billion (approximately \$1.2 billion net to Veresen), with the Sunrise and Tower plants expected to be in-service by the end of 2017 and the Saturn Phase II plant in-service by early 2018.

When all three facilities are operational, Veresen Midstream will have 1.5 bcf/d of gas 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 liquids-rich resource plays. Once commissioned, these facilities are expected to generate incremental run-rate EBITDA between \$250 million to \$300 million (approximately \$120 million to \$140 million net to Veresen), based on target volumes.

Veresen anticipates that incremental capital for gathering pipelines, natural gas processing and liquids handling in this region will amount to \$200 million to \$400 million per year for Veresen Midstream over the next several years. In the first quarter, approximately \$95 million (\$45 million net to Veresen) of incremental capital projects were sanctioned by CRP and Encana to increase liquids handling capacity and upgrade two existing compressor stations. With the sanction of these additional investments, Veresen Midstream now has over \$310 million (\$145 million net to Veresen) of capital projects under construction in addition to the three gas plants.

During the first quarter, \$320 million (\$150 million net to Veresen) of capital was invested by Veresen Midstream, including \$245 million (\$115 million net to Veresen) of expenditures for the Sunrise, Tower and Saturn Phase II processing facilities. Since Veresen Midstream was formed in early 2015, a total of \$3.6 billion (approximately \$1.7 billion net to Veresen) in capital projects has been sanctioned under the agreement with CRP and Encana to fund up to \$5 billion of new infrastructure. At the end of the first quarter of 2017, approximately \$680 million of these capital projects were in service.

Aux Sable

During the first quarter of 2017, propane plus margins increased from the cyclical lows of the past two years and ethane margins were also slightly stronger. Under Aux Sable's NGL Sales Agreement with BP, the sharing of margins is determined on an annual basis, which results in the deferred recognition and distribution of margins generated in the earlier part of the year. As a result, distributable cash from Aux Sable of \$4 million in the first quarter of 2017 was slightly higher than the first quarter of 2016, and does not include the additional \$9 million of margin that was generated during the quarter.

Propane plus margins remain the largest profit driver at Aux Sable. While these margins have weakened somewhat from seasonal highs earlier in the year, based on current spot margins as well as indicative

future pricing, the company expects the \$9 million of margin generated in the first quarter will be recognised and distributed later in the year.

Burstall Ethane Storage Facility

Veresen continues to advance the construction of a one million barrel ethane storage facility located near Burstall, Saskatchewan, underpinned by a 20-year contract with NOVA Chemicals. The total cost of construction is expected to be approximately \$140 million, with \$11 million spent during the first quarter. Veresen has incurred over 70% of the cost of construction to date and anticipates spending \$25 million to \$35 million in 2017 to advance the project. Veresen expects that the construction of Burstall will be completed in late 2018.

Jordan Cove LNG and Pacific Connector

Following the Federal Energy Regulatory Commission ("FERC") decision to deny the request for rehearing on December 9, 2016, the company undertook a thorough review of the Jordan Cove LNG project to evaluate alternatives to create the most value on a risk-adjusted basis to Veresen. Based on the constructive nature of discussions with both existing and potential buyers following the denial, Veresen announced in the first quarter it intends to continue to pursue the Jordan Cove LNG project. The development budget for 2017 remains at US\$30 million, with the expectation that Jordan Cove LNG will finalize agreements with existing buyers and secure additional off-takers. This would position the project for a potential final investment decision in 2019 and an in-service date in 2024 at an estimated total project cost of approximately US\$10 billion.

Increased 2017 Guidance

Veresen has increased its 2017 distributable cash guidance by approximately 6% to a range of \$1.07 per Common Share to \$1.19 per Common Share. The increased guidance reflects higher than anticipated demand for Seasonal Firm and Interruptible service at Alliance, an improved outlook for NGL margins at Aux Sable as well as management's continued confidence in the strength of the underlying business.

The increased guidance range represents a payout ratio of approximately 84% to 94% of distributable cash, and implies full coverage of the dividend in 2017 pro forma the sale of the power business. Further details concerning 2017 guidance can be found on the home page of Veresen's web site at www.vereseninc.com.

Balance Sheet and Funding Strategy

During the first quarter, the company announced three separate agreements to sell the power generation business for total proceeds of \$1.18 billion, including the assumption of \$402 million of project level debt by purchasers. Subsequent to the end of the quarter, Veresen closed the sale of the gas-fired power assets, with the remaining transactions expected to close in the second quarter of 2017.

Proceeds of the sale will be initially directed to reduce debt outstanding and subsequently used to fully fund the remaining equity component of the approximately \$1.5 billion of projects currently under construction with no need to access the capital markets. Additionally, the divestiture strengthens Veresen's balance sheet, further underpinning the dividend and providing additional flexibility to fund the subordinated note at Ruby as well as incremental growth projects.

At the end of the first quarter, approximately \$940 million of the aggregate cost of the \$1.5 billion of capital projects had been incurred, with a remaining equity component of approximately \$250 to \$300 million to be funded based on target leverage of 55% to 60% debt in capital investments. The remaining debt has been

fully secured within Veresen Midstream, with sufficient capacity on the corporate facility to complete construction at Burstall.

As at March 31, 2017, and prior to the receipt of \$235 in net proceeds from the closing of the gas-fired power assets, Veresen's \$750 million revolving credit facility had approximately \$145 million of available, undrawn capacity. The company expects that proceeds from closing the remainder of the power divestiture will be more than sufficient to fully repay outstanding balances on the revolving credit facility, providing ample liquidity to fund equity contributions into Veresen Midstream and the construction of Burstall.

Proportionate Consolidation of Debt – Amortization Schedule⁽¹⁾

(\$ millions)	Q2 - Q4 2017	2018	2019	2020	2021	2022+	Total
Fixed Term							
Pipeline							
Alliance ⁽²⁾	49	65	125	65	65	265	634
Ruby	60	194	58	58	29	316	715
AEGS	4	4	4	65			77
Total	113	263	187	188	94	581	1,426
Veresen Midstream ⁽³⁾	3	35	49	319	5	409	820
Aux Sable	3	2					5
Corporate		150	200		350	50	750
Total Fixed Term	119	450	436	507	449	1,040	3,001
Revolving (Floating Rate)							
Alliance ⁽²⁾			79				79
Veresen Midstream				19			19
Corporate				602			602
Total Floating Rate	-	-	79	621	-	-	700
Total	119	450	515	1,128	449	1,040	3,701
<i>Power</i>	<i>13</i>	<i>37</i>	<i>123</i>	<i>16</i>	<i>16</i>	<i>182</i>	<i>387</i>

(1) This table contains non-GAAP measures. Balances for Veresen's jointly controlled businesses represent Veresen's proportional share based on Veresen's ownership interest. This table includes consolidation adjustments and deferred financing fees, meaning that the values in this table may not be indicative of the face value of debt outstanding.

(2) Includes NRGreen.

(3) Once the Sunrise, Tower and Saturn Phase II facilities currently under construction are in operation, Veresen intends to refinance the Veresen Midstream expansion facility with non-amortizing debt.

The company's debt on a proportionate consolidation basis as at March 31, 2017 was \$4.1 billion or approximately 6.0x proportionately consolidated EBITDA on a trailing 12 month basis of \$682 million. Pro forma the reduction of debt from the sale of the power business of \$1.18 billion and less associated trailing 12 month EBITDA of \$95 million, proportionately consolidated debt would have been approximately 5.0x trailing twelve month EBITDA.

Veresen expects that debt to EBITDA will be in the range of approximately 4.0x – 4.5x once the projects under construction are on-line. The company also believes it is prudent to consider distributable cash after the amortization of debt within each of the business, even where significant value will remain in the assets after the debt is fully amortized. Veresen is committed to maintaining strong investment grade credit ratings.

Webcast of AGM Presentation

Veresen is holding its annual meeting of shareholders on Wednesday, May 3, 2017 at 2:30pm Mountain Time at The Metropolitan Conference Centre, 333 – 4th Avenue S.W., Calgary, Alberta.

At approximately 2:40pm Mountain Time, and following the conclusion of the formal proceedings of Veresen's annual shareholder meeting, Mr. Don Althoff, President and CEO, will address shareholders and provide an update of Veresen's 2016 accomplishments, remarks on the current state of the business and discuss highlights of the company's key initiatives.

To listen to a live broadcast of the presentation on the Internet, please access the following URL:

<http://edge.media-server.com/m/p/s676tqib>

A digital recording will be available on the company's website for replay two hours after the completion of the presentation.

Conference Call & Webcast Details

A conference call and webcast presentation will be held to discuss first quarter 2017 financial and operating results at 7:00am Mountain Time (9:00am Eastern Time) on Thursday, May 4, 2017.

To listen to the conference call, please dial 478-219-0009 or 1-844-285-7148 (toll-free). This call will also be broadcast live on the Internet and may be accessed directly at the following URL:

<http://edge.media-server.com/m/p/vp4hcwbx>

A presentation will accompany the conference call and will be available via the webcast. Alternatively, the presentation will be made available immediately prior to the conference call start time of 7:00am Mountain Time on Veresen's website at: <http://www.vereseninc.com/invest/events-presentations>.

A digital recording will be available for replay two hours after the call's completion, and will remain available until May 6, 2017 10:00am Mountain Time (12:00pm Eastern Time). To listen to the replay, please dial 404-537-3406 or 1-855-589-2056 (toll-free) and enter Conference ID 3084568. The webcast will remain accessible for a 12 month period at the following URL: <http://edge.media-server.com/m/p/vp4hcwbx> and a digital recording will also be available for replay on the company's website.

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, and an ownership interest in Aux Sable, which owns 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 7.8 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, Cumulative Redeemable Preferred Shares, Series A, Cumulative Redeemable Preferred Shares, Series C, and Cumulative Redeemable Preferred Shares, 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 and the offering of the notes, 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 ability to extend contracts on, and expand, the Alliance Pipeline; the amount of distributable cash to be generated by Veresen in 2017; the outlook for NGL margins at Aux Sable; the results to be generated by the combination of Veresen and Pembina; the use of proceeds from, financial impact on Veresen and its ability to fund growth projects, and timing of completion of, the sale of Veresen's power business; in service date of a future expansion of Alliance; in service dates of, cost of construction of, and amount of EBITDA to be generated by, the Sunrise and Tower gas plants, and the Saturn Phase II processing facility; the potential for Veresen Midstream to secure incremental capital projects; expectation that market dynamics will continue to underpin strong throughput volumes at Alliance; the potential for re-contracting of Alliance and the corresponding impact on an expansion decision and the optimal capital structure; the ability of Ruby to support Veresen's preferred distribution; the ability to recontract AEGS; the timing and duration of a turn-around at the Hythe gas processing plant and impact on Veresen Midstream's revenue; expectations regarding incremental EBITDA from Dawson as additional infrastructure is brought into service; prospects for NGL price recovery at Aux Sable; ability to recognize and distribute margin earned in the first quarter later in the year; the in service date and cost of the Burstall ethane storage facility; the timing and ability to finalize agreements with existing buyers and to secure additional off-takers for Jordan Cove LNG; the timing of an investment decision, in-service date and cost of Jordan Cove LNG; the sources of equity and debt financing required to fund the capital of Veresen and Veresen Midstream; and debt to EBITDA levels once projects under construction are on-line. Readers are also cautioned that such additional information 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 results 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, except as required by applicable laws. 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. US GAAP requires us to equity account for our investments in jointly-controlled businesses. However, we have chosen to provide some information on our jointly-controlled businesses on a proportionate basis to assist the reader. For further information on other 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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Veresen Inc.**Consolidated Statement of Financial Position**

(Canadian \$ Millions; number of shares in Millions; unaudited)	March 31, 2017	December 31, 2016
Assets		
Current assets		
Cash and short-term investments	163	108
Distributions receivable	65	50
Accounts receivable and other	29	27
Assets held for sale	779	780
	1,036	965
Investments in jointly-controlled businesses	1,535	1,431
Investments held at cost	1,804	1,818
Pipeline, plant and other capital assets	315	307
Intangible assets	45	46
Due from jointly-controlled businesses	3	3
Other assets	2	2
	4,740	4,572
Liabilities		
Current liabilities		
Accounts payable and other	57	73
Deferred revenue	4	3
Dividends payable	26	26
Current portion of long-term senior debt	4	304
Liabilities associated with assets held for sale	173	177
	264	583
Long-term senior debt	1,425	903
Deferred tax liabilities	223	209
Other long-term liabilities	47	45
	1,959	1,740
Shareholders' Equity		
Share capital		
Preferred Shares	536	536
Common Shares (314 and 314 outstanding at March 31, 2017 and December 31, 2016, respectively)	3,482	3,482
Additional paid-in capital	28	28
Cumulative other comprehensive income	262	281
Accumulated deficit	(1,527)	(1,495)
	2,781	2,832
	4,740	4,572

Veresen Inc.**Consolidated Statement of Income**

	Three months ended March 31	
(Canadian \$ Millions, except per Common Share amounts, unaudited)	2017	2016
Equity income	59	50
Dividend income	30	31
Operating revenues	12	12
Operations and maintenance	(5)	(5)
General and administrative	(9)	(10)
Project development	(16)	(40)
Depreciation and amortization	(5)	(4)
Interest and other finance	(12)	(9)
Net income before tax	54	25
Current tax	(3)	(2)
Deferred tax	(10)	(7)
Net income from continuing operations	41	16
Discontinued operations		
Net income (loss) from discontinued operations before tax	16	(3)
Income tax on discontinued operations	(4)	-
Discontinued operations income (loss)	12	(3)
Net income	53	13
Preferred Share dividends	(6)	(6)
Net income attributable to Common Shares	47	7
Continuing operations	0.11	0.03
Discontinued operations	0.04	(0.01)
Net income per Common Share	0.15	0.02

Consolidated Statement of Comprehensive Income (Loss)

	Three months ended March 31	
(Canadian \$ Millions; unaudited)	2017	2016
Net income	53	13
Other comprehensive loss		
Unrealized foreign exchange loss on translation	(19)	(164)
Other comprehensive loss	(19)	(164)
Comprehensive income (loss)	34	(151)
Preferred Share dividends	(6)	(6)
Comprehensive income (loss) attributable to Common Shares	28	(157)

Veresen Inc.

Consolidated Statement of Cash Flows

(Canadian \$ Millions; unaudited)	Three months ended March 31	
	2017	2016
Operating		
Net income	53	13
Net income (loss) from discontinued operations	(12)	3
Equity income	(59)	(50)
Distributions from jointly-controlled businesses	68	65
Depreciation and amortization	5	4
Foreign exchange and other non-cash items	2	-
Deferred tax	10	7
Changes in non-cash working capital	(11)	(8)
Cash provided by continuing operations	56	34
Cash provided by discontinued operations	15	14
	71	48
Investing		
Investments in jointly-controlled businesses	(138)	(136)
Return of capital from jointly-controlled businesses	5	-
Pipeline, plant and other capital assets	(19)	(6)
Cash used by continuing operations	(152)	(142)
Cash provided (used) by discontinued operations	1	(1)
	(151)	(143)
Financing		
Long-term debt repaid	(300)	-
Net change in credit facilities	521	132
Common Share dividends paid	(79)	(30)
Preferred Share dividends paid	(6)	(6)
Cash provided by continuing operations	136	96
Cash used by discontinued operations	(2)	(2)
	134	94
Increase (decrease) in cash and short-term investments	54	(1)
Effect of foreign exchange rate changes on cash and short-term investments	(1)	(3)
Cash and short-term investments at the beginning of the period- continuing operations	108	41
Cash and short-term investments at the beginning of the period - discontinued operations	30	17
Cash and short-term investments at the end of the period	191	54
Cash and short-term investments - discontinued operations	(28)	(27)
Cash and short-term investments - continuing operations	163	27

Veresen Inc.

Distributable Cash

(Canadian \$ Millions, except per Common Share amounts; unaudited)	Three months ended March 31	
	2017	2016
Pipeline	96	76
Midstream	19	16
Veresen - Corporate	(19)	(16)
Preferred Share dividends	(6)	(6)
Distributable Cash from continuing operations ⁽¹⁾	90	70
Discontinued Operations - Power	14	11
Distributable Cash ⁽¹⁾	104	81
Distributable Cash per Common Share (\$) ⁽²⁾	0.33	0.27
Dividends paid/payable ⁽³⁾	79	76
Dividends paid/payable per Common Share (\$)	0.25	0.25

- (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 March 31, 2017, the average number of Common Shares outstanding for this calculation was **313,636,831** (2016 – 301,513,067).
- (3) Includes nil dividends for the three months ended March 31, 2017 (2016 - \$47 million) satisfied through the issuance of Common Shares under the Company's Premium Dividend™ (trademark of Canaccord Genuity Corp.) and Dividend Reinvestment Plan, which was recently discontinued beginning with the August 2016 dividend.

Veresen Inc.**Reconciliation of Distributable Cash to Cash from Operating Activities**

(Canadian \$ Millions; unaudited)	Three months ended March 31	
	2017	2016
Cash from operating activities	71	48
Add (deduct):		
Project development costs ⁽⁴⁾	16	40
Change in non-cash working capital and other	9	10
Principal repayments on senior notes	(3)	(3)
Maintenance capital expenditures	(1)	(1)
Distributions earned greater (less) than distributions received ⁽⁵⁾	18	(7)
Preferred Share dividends	(6)	(6)
Distributable cash	104	81

(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 ended March 31, 2017 relate primarily to the Jordan Cove LNG terminal project and the Pacific Connector Gas Pipeline project.

(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 March 31	
	2017	2016
Adjusted net income attributable to Common Shares	37	16
Midstream - gain on revaluation of Veresen Midstream debt ⁽⁶⁾	4	24
Midstream - loss on Veresen Midstream cross currency swap ⁽⁷⁾	(6)	(23)
Midstream - deferred financing costs ⁽⁸⁾	(1)	-
Power - income (loss) from discontinued operations ⁽⁹⁾	12	(3)
Taxes ⁽¹⁰⁾	1	(7)
Net income attributable to Common Shares	47	7

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) Gain on the revaluation of US dollar-denominated Term Loan B held by Veresen Midstream.

(7) Loss 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.

(8) Expensing of deferred financing costs relating to the re-pricing of Veresen Midstream's US dollar denominated Term Loan B..

(9) Income generated by the Power segment is now shown as discontinued operations.

(10) Taxes related to the adjusting items described above and to other tax provisions/recoveries not reflective of our underlying operations. 2016 represents capital gains tax on U.S.-based organizational restructuring.