



## Investor Relations Frequently Asked Questions February 2, 2012

### *Questions Regarding Fourth Quarter 2011:*

- **What were your earnings for 4Q11 vs. 4Q10?**
  - In 4Q11, ongoing earnings were \$0.44 per share vs. \$0.47 per share last year
- **What were the drivers of U.S. Transmission's ongoing earnings for 4Q11 compared with 4Q10?**
  - U.S. Transmission reported ongoing fourth quarter 2011 EBIT of \$226 million, compared with \$237 million in 2010, which excludes the effect of a \$10 million special item related to a customer bankruptcy settlement. The 2011 quarter results reflect higher operating costs and, as expected, lower revenues at Ozark Gas Transmission. These results were partially offset by earnings from expansion projects.
- **What was the driver of Distribution's increase in earnings for 4Q11 compared to the prior quarter?**
  - Distribution reported ongoing fourth quarter 2011 EBIT of \$120 million, compared with \$127 million in fourth quarter 2010. This decrease is primarily due to lower customer usage related to warmer weather.
- **What were the drivers for Western Canadian Transmission and Processing for 4Q11 vs. 4Q10?**
  - Western Canada Transmission & Processing reported ongoing fourth quarter 2011 EBIT of \$137 million, compared with \$131 million in the fourth quarter 2010. The segment benefited from improved results in the gathering and processing business, driven primarily by higher earnings from expansions in the Horn River area of British Columbia. These results were partially offset by lower earnings at the Empress natural gas liquids business, attributable mainly to higher costs of NGL extraction premiums net of higher sales prices.
- **What were the earnings drivers at Field Services in 4Q11 vs. 4Q10?**
  - Field Services reported fourth quarter EBIT of \$96 million, compared with \$108 million in fourth quarter 2010. The 2011 quarter results reflect the effects of planned higher operating costs, short-term reliability issues, and NGL curtailments, primarily in the Permian Basin. These results more than offset the benefits seen from increased NGL prices and volume growth compared with fourth quarter 2010.
  - Commodity prices:
    - NGL's averaged \$1.20/gallon during 4Q11 vs. \$1.06/gallon in 4Q10.
    - NYMEX natural gas averaged \$3.55/MMBtu in 4Q11 versus \$3.80/MMBtu during 4Q10.
    - Crude oil averaged ~\$94/ barrel in 4Q11, compared with ~\$85/barrel in 4Q10.
  - DCP Midstream paid distributions of \$395 million for the year to Spectra Energy, which exceeded the company's full-year target of \$350 million.

- **What was interest expense for 4Q11 compared with 4Q10?**
  - Interest expense was \$154 million 4Q11, unchanged from 4Q10.
- **What was your 4Q11 income tax expense from continuing operations compared to 4Q10?**
  - Fourth quarter 2011 ongoing income tax expense from continuing operations was \$115 million, compared with \$128 million reported last year.
- **What is the current level of credit facilities, the available capacity and total liquidity at 12/31/11?**
  - Our total credit facilities at 12/31/11 totaled \$2.9 billion with total liquidity of about \$1.9 billion.
  - On 10/18/2011, we executed a \$700 million facility at Spectra Energy Partners, an increase of \$200 million over the previous facility.
- **What were your capital expenditures for 4Q11?**
  - Our 4Q11 capital expenditures totaled \$614 million, \$337 million for expansion and \$277 million for maintenance.
- **What was your debt to total capitalization at 12/31/11?**
  - Our debt/total cap is 56% at 12/31/11.

***Other Information:***

- **What are Spectra Energy's expected returns for capital projects?**
  - Overall, our project returns on capital employed (ROCE) will average between 10 - 12% (ROCE= EBIT/Capital Employed) over the next five years. We have two different categories of projects:
    - Organic (bolt-on or expansion of an existing project) – These typically produce ROCE in the low to mid teens
    - Greenfield – (construction of a new asset) – These typically produce high single digit ROCE

### **Questions Regarding the 2012 Outlook:**

- **What is your 2012 EPS target?**
  - Our 2012 EPS target is \$1.90.
  
- **What are the commodity/currency price assumptions in the 2012 forecast?**
  - DCP Midstream commodity assumptions:
    - NGLs: \$1.25 / gallon
    - Crude Oil: \$100 / Bbl (WTI)
    - Natural Gas: \$4.00 / MMBtu (NYMEX)
  - Canadian Dollar/US Dollar: C\$1.00/\$1.00
  
- **What are the annual sensitivities for these prices?**
  - DCP Midstream (Represents SE's 50% interest):
    - +/- \$0.01 / gal change in NGLs = +/- ~\$6.5 MM change in EBIT
    - +/- \$0.10 / MMBtu change in natural gas = +/- ~\$3 MM change in EBIT
    - +/- \$1.00 / Bbl change in oil = +/- ~\$2.5 MM change in EBIT
  - Canadian Dollar/US Dollar: +/- \$0.01 change in Fx rate = +/- ~\$5 MM change in Net Income
  
- **What will be your Capex spending in 2012?**
  - Expansion capex will be ~\$1.3 billion
  - Maintenance capex will be ~\$700 million

***For additional information regarding Spectra Energy's 2012 Outlook, refer to the investor's section of our website at [www.spectraenergy.com](http://www.spectraenergy.com).***