

Spectra Energy Corp
Spectra Energy Partners, LP
Non-GAAP Reconciliation for SEC Regulation G

Ongoing EBITDA

The materials include discussions of segments' ongoing earnings from continuing operations before interest, income taxes, and depreciation and amortization (EBITDA). Ongoing EBITDA is a non-GAAP financial measure as it represents reported segment and Other EBITDA adjusted for special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis, and discontinued operations do not represent our ongoing core business. The most directly comparable GAAP measure for segment and Other EBITDA is reported segment and Other EBITDA. Management is unable to forecast any special items for future periods.

Distributable Cash Flow (DCF)

The materials include discussions of Distributable Cash Flow, which is a non-GAAP financial measure. The most directly comparable GAAP measure for Distributable Cash Flow is net income.

Spectra Energy Corp
Reported to Ongoing Earnings Reconciliation
December 2013 Year-to-date
(Unaudited)

(In millions, except per-share amounts)

	<u>Reported Earnings</u>	<u>Special Items</u>	<u>Ongoing Earnings</u>
SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION			
Spectra Energy Partners	\$ 1,433	\$ 7 A	\$ 1,440
Distribution	574	—	574
Western Canada Transmission & Processing	736	—	736
Field Services	343	—	343
Total Reportable Segment EBITDA	<u>3,086</u>	<u>7</u>	<u>3,093</u>
Other	(86)	27 A	(59)
Total Reportable Segment and Other EBITDA	<u>\$ 3,000</u>	<u>\$ 34</u>	<u>\$ 3,034</u>
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 3,000	\$ 34	\$ 3,034
Depreciation and Amortization	(772)	—	(772)
Interest Expense	(657)	—	(657)
Interest Income and Other	7	—	7
Income Tax Expense	(419)	30 B	(389)
Total Net Income	<u>1,159</u>	<u>64</u>	<u>1,223</u>
Total Net Income - Noncontrolling Interests	<u>(121)</u>	<u>(2)</u>	<u>(123)</u>
Total Net Income - Controlling Interests	<u>\$ 1,038</u>	<u>\$ 62</u>	<u>\$ 1,100</u>
EARNINGS PER SHARE, BASIC			
	<u>\$ 1.55</u>	<u>\$ 0.09</u>	<u>\$ 1.64</u>
EARNINGS PER SHARE, DILUTED			
	<u>\$ 1.55</u>	<u>\$ 0.09</u>	<u>\$ 1.64</u>

A - Transaction costs related to the dropdown of assets into Spectra Energy Partners, LP and additional merger and acquisition costs.

B - Includes income tax expense of \$31 million resulting from a change in state tax rate related to the dropdown of assets into Spectra Energy Partners, LP.

Weighted Average Shares (reported and ongoing) - in millions

Basic	669
Diluted	671

Spectra Energy Corp
Reported to Ongoing Earnings Reconciliation
December 2013 Quarter-to-date
(Unaudited)

(In millions, except per-share amounts)

	Reported Earnings	Special Items	Ongoing Earnings
SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION			
Spectra Energy Partners	\$ 368	\$ 1 A	\$ 369
Distribution	156	—	156
Western Canada Transmission & Processing	215	—	215
Field Services	72	—	72
Total Reportable Segment EBITDA	811	1	812
Other	(24)	10 A	(14)
Total Reportable Segment and Other EBITDA	\$ 787	\$ 11	\$ 798
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 787	\$ 11	\$ 798
Depreciation and Amortization	(195)	—	(195)
Interest Expense	(181)	—	(181)
Interest Income and Other	2	—	2
Income Tax Expense	(142)	31 B	(111)
Total Net Income	271	42	313
Total Net Income - Noncontrolling Interests	(35)	—	(35)
Total Net Income - Controlling Interests	\$ 236	\$ 42	\$ 278
EARNINGS PER SHARE, BASIC			
	\$ 0.35	\$ 0.06	\$ 0.41
EARNINGS PER SHARE, DILUTED			
	\$ 0.35	\$ 0.06	\$ 0.41

A - Transaction costs related to the dropdown of assets into Spectra Energy Partners, LP and additional merger and acquisition costs.

B - Includes income tax expense of \$31 million resulting from a change in state tax rate related to the dropdown of assets into Spectra Energy Partners, LP.

Weighted Average Shares (reported and ongoing) - in millions

Basic	670
Diluted	672

Spectra Energy Corp
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(Unaudited)

(In millions, except per-share amounts)

	Reported Earnings	Special Items	Ongoing Earnings
SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION			
Spectra Energy Partners	\$ 1,669	\$ —	\$ 1,669
Distribution	552	—	552
Western Canada Transmission & Processing	754	—	754
Field Services	217	12 A	229
Total Reportable Segment EBITDA	3,192	12	3,204
Other	(58)	—	(58)
Total Reportable Segment and Other EBITDA	\$ 3,134	\$ 12	\$ 3,146
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 3,134	\$ 12	\$ 3,146
Depreciation and Amortization	(796)	—	(796)
Interest Expense	(679)	—	(679)
Interest Income and Other	6	—	6
Income Tax Expense	(382)	(4)	(386)
Total Net Income	1,283	8	1,291
Total Net Income - Noncontrolling Interests	(201)	—	(201)
Total Net Income - Controlling Interests	\$ 1,082	\$ 8	\$ 1,090
EARNINGS PER SHARE, BASIC			
	\$ 1.61	\$ 0.01	\$ 1.62
EARNINGS PER SHARE, DILUTED			
	\$ 1.61	\$ 0.01	\$ 1.62

A - Loss on sales of assets and goodwill impairment.

Weighted Average Shares (reported and ongoing) - in millions

Basic	671
Diluted	672

Spectra Energy Corp
Reported to Ongoing Earnings Reconciliation
December 2014 Quarter-to-Date
(Unaudited)

(In millions, except per-share amounts)

	Reported/ Ongoing Earnings
<i>SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION</i>	
Spectra Energy Partners	\$ 444
Distribution	132
Western Canada Transmission & Processing	250
Field Services	(18)
Total Reportable Segment EBITDA	808
Other	2
Total Reportable Segment and Other EBITDA	\$ 810
<i>EARNINGS</i>	
Total Reportable Segment EBITDA and Other EBITDA	\$ 810
Depreciation and Amortization	(196)
Interest Expense	(158)
Interest Income and Other	(5)
Income Tax Expense	(77)
Total Net Income	374
Total Net Income - Noncontrolling Interests	(58)
Total Net Income - Controlling Interests	\$ 316
<i>EARNINGS PER SHARE, BASIC</i>	
	\$ 0.47
<i>EARNINGS PER SHARE, DILUTED</i>	
	\$ 0.47

Weighted Average Shares (reported and ongoing) - in millions

Basic	671
Diluted	672

Spectra Energy Partners, LP
Reported to Ongoing Earnings Reconciliation
December 2014 Quarter-to-date
(Unaudited)
(In millions)

SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION	Reported Earnings	Special Items	Ongoing Earnings
U.S. Transmission	\$ 369	\$ —	\$ 369
Liquids	71	—	71
Total Reportable Segment EBITDA	440	—	440
Other	(16)	—	(16)
Total Reportable Segment and other EBITDA	\$ 424	\$ —	\$ 424
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 424	\$ —	\$ 424
Depreciation and Amortization	(72)	—	(72)
Interest Expense	(55)	—	(55)
Other Income and Expenses	(1)	—	(1)
Income Tax Expense	(6)	—	(6)
Total Net Income	290	—	290
Total Net Income - Noncontrolling Interests	(7)	—	(7)
Total Net Income - Controlling Interests	\$ 283	\$ —	\$ 283

Spectra Energy Partners, LP
Reported to Ongoing Earnings Reconciliation
December 2013 Year-to-date
(Unaudited)
(In millions)

SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION	Reported Earnings	Special Items	Ongoing Earnings
U.S. Transmission	\$ 1,279	\$ —	\$ 1,279
Liquids	132	—	132
Total Reportable Segment EBITDA	1,411	—	1,411
Other	(27)	7 ^A	(20)
Total Reportable Segment and other EBITDA	\$ 1,384	\$ 7	\$ 1,391
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 1,384	\$ 7	\$ 1,391
Depreciation and Amortization	(262)	—	(262)
Interest Expense	(383)	—	(383)
Other Income and Expenses	(1)	—	(1)
Income Tax Expense	348	(354) ^B	(6)
Total Net Income	1,086	(347)	739
Total Net Income - Noncontrolling Interests	(16)	—	(16)
Total Net Income - Controlling Interests	\$ 1,070	\$ (347)	\$ 723

A - transaction costs related to the dropdown.

B - adjustment of federal income tax liabilities related to the dropdown.

Spectra Energy Partners, LP
Reported to Ongoing Earnings Reconciliation
December 2013 Quarter-to-date
(Unaudited)
(In millions)

SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION	Reported Earnings	Special Items	Ongoing Earnings
U.S. Transmission	\$ 322	\$ —	\$ 322
Liquids	41	—	41
Total Reportable Segment EBITDA	363	—	363
Other	(12)	1 A	(11)
Total Reportable Segment and other EBITDA	\$ 351	\$ 1	\$ 352
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 351	\$ 1	\$ 352
Depreciation and Amortization	(70)	—	(70)
Interest Expense	(84)	—	(84)
Other Income and Expenses	(1)	—	(1)
Income Tax Expense	348	(354) B	(6)
Total Net Income	544	(353)	191
Total Net Income - Noncontrolling Interests	(4)	—	(4)
Total Net Income - Controlling Interests	\$ 540	\$ (353)	\$ 187

A - transaction costs related to the dropdown.

B - adjustment of federal income tax liabilities related to the dropdown.

Spectra Energy Partners, LP
Reported to Ongoing Earnings Reconciliation
December 2014 Year-to-date
(Unaudited)
(In millions)

SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION	Reported Earnings	Special Items	Ongoing Earnings
U.S. Transmission	\$ 1,415	\$ —	\$ 1,415
Liquids	240	—	240
Total Reportable Segment EBITDA	1,655	—	1,655
Other	(64)	—	(64)
Total Reportable Segment and other EBITDA	\$ 1,591	\$ —	\$ 1,591
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 1,591	\$ —	\$ 1,591
Depreciation and Amortization	(288)	—	(288)
Interest Expense	(238)	—	(238)
Other Income and Expenses	(3)	—	(3)
Income Tax Expense	(35)	23 ^A	(12)
Total Net Income	1,027	23	1,050
Total Net Income - Noncontrolling Interests	(23)	—	(23)
Total Net Income - Controlling Interests	\$ 1,004	\$ 23	\$ 1,027

A - adjustment of federal income tax liabilities related to the dropdown.

Spectra Energy Corp
Distributable Cash Flow
(Unaudited)
(In millions)

	Quarters Ended December 31,		Years Ended December 31,	
	2014	2013	2014	2013
Net Income	\$ 374	\$ 271	\$ 1,283	\$ 1,159
Add:				
Interest expense	158	181	679	657
Income tax expense	77	142	382	419
Depreciation and amortization	196	195	796	772
Foreign currency loss (gain)	5	(1)	(3)	(1)
Less:				
Third party interest income	—	1	3	6
EBITDA	810	787	3,134	3,000
Add:				
Equity in earnings of unconsolidated affiliates	(24)	(100)	(361)	(445)
Distributions from unconsolidated affiliates (a)	107	116	416	348
Empress non-cash items	(60)	—	(60)	—
Other	(28)	(8)	(19)	6
Less:				
Interest expense	158	181	679	657
Equity AFUDC	20	16	53	105
Net cash paid/(refund) for income taxes	(16)	14	(8)	43
Distributions to noncontrolling interests	47	40	175	144
Maintenance capital expenditures (b)	280	229	751	668
Total Distributable Cash Flow	\$ 316	\$ 315	\$ 1,460	\$ 1,292

Spectra Energy Partners, LP
Distributable Cash Flow
(Unaudited)
(In millions)

	Quarters Ended December 31,		Years Ended December 31,	
	2014	2013	2014	2013
Net Income	\$ 290	\$ 544	\$ 1,027	\$ 1,086
Add:				
Interest expense	55	84	238	383
Income tax expense (benefit)	6	(348)	35	(348)
Depreciation and amortization	72	70	288	262
Foreign currency loss	1	1	3	2
Less:				
Interest income	—	—	—	1
EBITDA	424	351	1,591	1,384
Add:				
Equity in earnings of unconsolidated affiliates	(40)	(24)	(133)	(89)
Distributions from equity investments	45	24	165	117
Other	(2)	1	8	8
Less:				
Interest expense	55	84	238	383
Equity AFUDC	13	10	33	58
Net cash paid for income taxes	1	—	6	—
Distributions to non-controlling interests	7	5	29	19
Maintenance capital expenditures	106	90	270	228
Adjustment	—	43	—	417
Total Distributable Cash Flow	\$ 245	\$ 120	\$ 1,055	\$ 315

Spectra Energy Corp			
Distributable Cash Flow	2015e	2016e	2017e
(In millions)			
Total Reported Net Income	1,050	1,220	1,375
Add:			
Interest expense	685	700	780
Income tax expense (benefit)	295	340	380
Depreciation and amortization	810	865	930
Foreign Currency Gain & Loss	0	0	0
Less:			
Discontinued Ops	0	0	0
Third Party Interest Income	0	0	0
EBITDA	<u>2,840</u>	<u>3,125</u>	<u>3,465</u>
Add:			
Net Cash from Equity Investments	70	(20)	(75)
Other	55	70	50
Less:			
Interest Expense	(685)	(700)	(780)
Equity AFUDC	(125)	(130)	(105)
Cash paid for income taxes	(5)	(240)	(290)
Distributions to Non-controlling interests	(200)	(255)	(305)
Gain (Loss) on sale of other assets	-	-	-
Adjusted Maintenance capital expenditures	(745)	(730)	(740)
Total Consolidated Distributable Cash Flow	<u>1,205</u>	<u>1,120</u>	<u>1,220</u>

(e) per February 5, 2015 presentation

Spectra Energy Partners, LP			
Distributable Cash Flow	2015e	2016e	2017e
(In millions)			
Total Reported Net Income	1,170	1,305	1,485
Add:			
Interest expense	245	270	315
Income tax expense (benefit)	15	15	20
Depreciation and amortization	295	315	340
Foreign Currency Gain & Loss	0	0	0
Less:			
Discontinued Ops	0	0	0
Third Party Interest Income	0	0	0
EBITDA	<u>1,725</u>	<u>1,905</u>	<u>2,160</u>
Add:			
Net Cash from Equity Investments	40	(20)	(55)
Other	10	10	10
Less:			
Interest Expense	(245)	(270)	(315)
Equity AFUDC	(90)	(90)	(55)
Cash paid for income taxes	(10)	(10)	(10)
Distributions to Non-controlling interests	(30)	(30)	(30)
Gain (Loss) on sale of other assets	-	-	-
Adjusted Maintenance capital expenditures	(290)	(300)	(295)
Total Consolidated Distributable Cash Flow	<u>1,110</u>	<u>1,195</u>	<u>1,410</u>

(e) per February 5, 2015 presentation