

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

Ongoing Net Income – Controlling Interests

The materials include discussions of ongoing net income – controlling interests, a non-GAAP financial measure, as it represents net income from controlling interests adjusted for the impact of special items and discontinued operations. 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 ongoing net income – controlling interests is reported net income – controlling interests, which includes the impact of special items and discontinued operations. Management is unable to forecast any special items for future periods.

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. The most directly comparable GAAP measure for segment and Other EBITDA is reported segment and Other EBITDA.

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.

Distributable Cash Flow Coverage

The materials include discussions of Distributable Cash Flow coverage, which is a non-GAAP financial measure as it represents DCF, a non-GAAP financial measure, divided by dividends/distributions declared on common stock/partnership units. The most directly comparable GAAP measure for Distributable Cash Flow coverage is net income – controlling interests divided by dividends/distributions paid on common stock/partnership units.

Spectra Energy Corp
Reported to Ongoing Earnings Reconciliation
March 2015 Year-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	\$ 455	\$ 9 A	\$ 464
Distribution	192	—	192
Western Canada Transmission & Processing	161	—	161
Field Services	(17)	3 B	(14)
Total Reportable Segment EBITDA	791	12	803
Other	(15)	—	(15)
Total Reportable Segment and Other EBITDA	\$ 776	\$ 12	\$ 788
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 776	\$ 12	\$ 788
Depreciation and Amortization	(193)	—	(193)
Interest Expense	(159)	—	(159)
Interest Income and Other	2	—	2
Income Tax Expense	(101)	(4)	(105)
Total Net Income	325	8	333
Total Net Income - Noncontrolling Interests	(58)	(1)	(59)
Total Net Income - Controlling Interests	\$ 267	\$ 7	\$ 274
EARNINGS PER SHARE, BASIC			
	\$ 0.40	\$ 0.01	\$ 0.41
EARNINGS PER SHARE, DILUTED			
	\$ 0.40	\$ 0.01	\$ 0.41

A - Impairment charges at Ozark Gas Gathering.

B - Restructuring costs at Field Services.

Weighted Average Shares (reported and ongoing) - in millions

Basic	671
Diluted	673

Spectra Energy Corp
Reported to Ongoing Earnings Reconciliation
March 2014 Year-to-date
(Unaudited)

(In millions, except per-share amounts)

	<u>Reported/ Ongoing Earnings</u>
<i>SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION</i>	
Spectra Energy Partners	\$ 429
Distribution	226
Western Canada Transmission & Processing	237
Field Services	130
Total Reportable Segment EBITDA	1,022
Other	(17)
Total Reportable Segment and Other EBITDA	\$ 1,005
<i>EARNINGS</i>	
Total Reportable Segment EBITDA and Other EBITDA	\$ 1,005
Depreciation and Amortization	(200)
Interest Expense	(178)
Interest Income and Other	4
Income Tax Expense	(164)
Total Net Income	467
Total Net Income - Noncontrolling Interests	(48)
Total Net Income - Controlling Interests	\$ 419
<i>EARNINGS PER SHARE, BASIC</i>	
	\$ 0.63
<i>EARNINGS PER SHARE, DILUTED</i>	
	\$ 0.62

Weighted Average Shares (reported and ongoing) - in millions

Basic	670
Diluted	672

Spectra Energy Partners, LP
Reported to Ongoing Earnings Reconciliation
March 2015 Year-to-date
(Unaudited)
(In millions)

SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION	Reported Earnings	Special Items	Ongoing Earnings
U.S. Transmission	\$ 389	\$ 9 A	\$ 398
Liquids	64	—	64
Total Reportable Segment EBITDA	453	9	462
Other	(17)	—	(17)
Total Reportable Segment and other EBITDA	\$ 436	\$ 9	\$ 445
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 436	\$ 9	\$ 445
Depreciation and Amortization	(73)	—	(73)
Interest Expense	(57)	—	(57)
Other Income and Expenses	(3)	—	(3)
Income Tax Expense	(2)	—	(2)
Total Net Income	301	9	310
Total Net Income - Noncontrolling Interests	(8)	—	(8)
Total Net Income - Controlling Interests	\$ 293	\$ 9	\$ 302

A - Asset impairment at Ozark Gas Gathering.

Spectra Energy Partners, LP
Reported to Ongoing Earnings Reconciliation
March 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	\$ 374	\$ —	\$ 374
Liquids	58	—	58
Total Reportable Segment EBITDA	432	—	432
Other	(19)	—	(19)
Total Reportable Segment and other EBITDA	\$ 413	\$ —	\$ 413
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 413	\$ —	\$ 413
Depreciation and Amortization	(73)	—	(73)
Interest Expense	(67)	—	(67)
Other Income and Expenses	(1)	—	(1)
Income Tax Expense	(26)	23 A	(3)
Total Net Income	246	23	269
Total Net Income - Noncontrolling Interests	(4)	—	(4)
Total Net Income - Controlling Interests	\$ 242	\$ 23	\$ 265

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

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

	Year-To-Date March 31,	
	2015	2014
Net Income	\$ 325	\$ 467
Add:		
Interest expense	159	178
Income tax expense	101	164
Depreciation and amortization	193	200
Foreign currency gain	(1)	(3)
Less:		
Third Party Interest Income	1	1
EBITDA	776	1,005
Add:		
Equity in earnings of unconsolidated affiliates	(24)	(161)
Distributions from unconsolidated affiliates	54	99
Empress non-cash mark to market	22	4
Non-cash impairment at Ozark Gas Gathering	9	-
Other	5	(13)
Less:		
Interest expense	159	178
Equity AFUDC	16	6
Net cash refund for income taxes	(46)	(12)
Distributions to non-controlling interests	44	39
Maintenance capital expenditures	91	92
Total Distributable Cash Flow	\$ 578	\$ 631
Dividends declared	\$ 250	\$ 228
Coverage - DCF / Dividend	2.3x	2.8x

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

	Year-To-Date	
	March 31,	
	2015	2014
Net Income	\$ 301	\$ 246
Add:		
Interest expense	57	67
Income tax expense	2	26
Depreciation and amortization	73	73
Foreign currency loss	3	1
EBITDA	436	413
Add:		
Equity in earnings of unconsolidated affiliates	(40)	(28)
Distributions from equity investments	54	37
Non-cash impairment at Ozark Gas Gathering	9	—
Other	3	2
Less:		
Interest expense	57	67
Equity AFUDC	11	4
Net cash paid for income taxes	5	—
Distributions to non-controlling interests	7	5
Maintenance capital expenditures	28	24
Total Distributable Cash Flow	\$ 354	\$ 324
Distributions declared	\$ 233	\$ 200
Coverage - DCF/Distributions	1.5x	1.6x

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	2,840	3,125	3,465
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	0	0	0
Adjusted Maintenance capital expenditures	(745)	(730)	(740)
Total Consolidated Distributable Cash Flow	1,205	1,120	1,220
SE Dividends declared	1,020	1,120	1,220
Coverage	1.2x	1.0x	1.0x

(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	1,725	1,905	2,160
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	0	0	0
Adjusted Maintenance capital expenditures	(290)	(300)	(295)
Total Consolidated Distributable Cash Flow	1,110	1,195	1,410
SEP Distributions declared	1,005	1,185	1,360
Coverage	1.1x	1.0x	1.0x

(e) per February 5, 2015 presentation