

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. 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. Management is unable to forecast any special items for future periods.

Ongoing EPS

The materials include discussions of ongoing earnings-per-share (EPS), a non-GAAP financial measure, as it represents EPS adjusted for the per-share impact of special items. The most directly comparable GAAP measure for ongoing EPS is reported EPS, which includes the impact of special items.

Ongoing EBITDA

The materials include discussions of ongoing earnings from continuing operations before interest, income taxes, and depreciation and amortization (EBITDA), ongoing segment EBITDA and ongoing Other EBITDA. Ongoing EBITDA, ongoing segment EBITDA and ongoing Other EBITDA are non-GAAP financial measures as they represent reported EBITDA, reported segment EBITDA and reported Other EBITDA, adjusted for special items. The most directly comparable GAAP measure for ongoing EBITDA, ongoing segment EBITDA and ongoing Other EBITDA are reported EBITDA, reported segment EBITDA and reported Other EBITDA.

Distributable Cash Flow

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

Ongoing DCF

The materials include discussions of ongoing distributable cash flow, which is a non-GAAP financial measure, as it represents DCF, a non-GAAP financial measure, adjusted for special items. The most directly comparable GAAP measure for ongoing DCF is net income.

DCF Per-Share

The materials include discussions of DCF per-share, which is a non-GAAP financial measure, as it represents DCF, a non-GAAP financial measure, divided by weighted-average number of common shares outstanding. The most directly comparable GAAP measure for DCF per-share is net income – controlling interests divided by weighted-average number of common shares outstanding.

DCF Coverage

The materials include discussions of DCF 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 DCF coverage is net income – controlling interests divided by dividends/distributions paid on common stock/partnership units.

Spectra Energy Corp
Reported to Ongoing Earnings Reconciliation
June 2015 Quarter-to-date
(Unaudited)

(In millions, except per-share amounts)

	Reported Earnings	Special Items	Ongoing Earnings
<i>SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION</i>			
Spectra Energy Partners	\$ 478	\$ —	\$ 478
Distribution	98	—	98
Western Canada Transmission & Processing	104	11 A	115
Field Services	(233)	206 B	(27)
Total Reportable Segment EBITDA	447	217	664
Other	(12)	—	(12)
Total Reportable Segment and Other EBITDA	\$ 435	\$ 217	\$ 652
<i>EARNINGS</i>			
Total Reportable Segment EBITDA and Other EBITDA	\$ 435	\$ 217	\$ 652
Depreciation and Amortization	(193)	—	(193)
Interest Expense	(166)	—	(166)
Interest Income and Other	(3)	—	(3)
Income Tax Benefit (Expense)	7	(79)	(72)
Total Net Income	80	138	218
Total Net Income - Noncontrolling Interests	(62)	—	(62)
Total Net Income - Controlling Interests	\$ 18	\$ 138	\$ 156
<i>EARNINGS PER SHARE, BASIC</i>			
	\$ 0.03	\$ 0.20	\$ 0.23
<i>EARNINGS PER SHARE, DILUTED</i>			
	\$ 0.03	\$ 0.20	\$ 0.23

A - Overhead reduction costs at Western Canada Transmission & Processing.

B - Loss on asset sale and goodwill impairment at Field Services.

Weighted Average Shares (reported and ongoing) - in millions

Basic	671
Diluted	672

Spectra Energy Corp
Reported to Ongoing Earnings Reconciliation
June 2014 Quarter-to-date
(Unaudited)
(In millions, except per-share amounts)

	<u>Reported/ Ongoing Earnings</u>
SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION	
Spectra Energy Partners	\$ 374
Distribution	112
Western Canada Transmission & Processing	111
Field Services	54
Total Reportable Segment EBITDA	651
Other	(24)
Total Reportable Segment and Other EBITDA	\$ 627
EARNINGS	
Total Reportable Segment EBITDA and Other EBITDA	\$ 627
Depreciation and Amortization	(199)
Interest Expense	(176)
Interest Income and Other	1
Income Tax Expense	(65)
Total Net Income	188
Total Net Income - Noncontrolling Interests	(42)
Total Net Income - Controlling Interests	\$ 146
EARNINGS PER SHARE, BASIC	
	\$ 0.22
EARNINGS PER SHARE, DILUTED	
	\$ 0.22

Weighted Average Shares (reported and ongoing) - in millions

Basic	671
Diluted	673

Spectra Energy Corp
Reported to Ongoing Earnings Reconciliation
June 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	\$ 933	\$ 9 A	\$ 942
Distribution	290	—	290
Western Canada Transmission & Processing	265	11 B	276
Field Services	(250)	209 C	(41)
Total Reportable Segment EBITDA	1,238	229	1,467
Other	(27)	—	(27)
Total Reportable Segment and Other EBITDA	\$ 1,211	\$ 229	\$ 1,440
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 1,211	\$ 229	\$ 1,440
Depreciation and Amortization	(386)	—	(386)
Interest Expense	(325)	—	(325)
Interest Income and Other	(1)	—	(1)
Income Tax Expense	(94)	(83)	(177)
Total Net Income	405	146	551
Total Net Income - Noncontrolling Interests	(120)	(1)	(121)
Total Net Income - Controlling Interests	\$ 285	\$ 145	\$ 430
EARNINGS PER SHARE, BASIC			
	\$ 0.42	\$ 0.22	\$ 0.64
EARNINGS PER SHARE, DILUTED			
	\$ 0.42	\$ 0.22	\$ 0.64

A - Impairment charges at Ozark Gas Gathering.

B - Overhead reduction costs at Western Canada Transmission & Processing.

C - Loss on asset sale and goodwill impairment at Field Services.

Weighted Average Shares (reported and ongoing) - in millions

Basic	671
Diluted	672

Spectra Energy Corp
Reported to Ongoing Earnings Reconciliation
June 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	\$ 803
Distribution	338
Western Canada Transmission & Processing	348
Field Services	184
Total Reportable Segment EBITDA	1,673
Other	(41)
Total Reportable Segment and Other EBITDA	\$ 1,632
<i>EARNINGS</i>	
Total Reportable Segment EBITDA and Other EBITDA	\$ 1,632
Depreciation and Amortization	(399)
Interest Expense	(354)
Interest Income and Other	5
Income Tax Expense	(229)
Total Net Income	655
Total Net Income - Noncontrolling Interests	(90)
Total Net Income - Controlling Interests	\$ 565
<i>EARNINGS PER SHARE, BASIC</i>	
	\$ 0.84
<i>EARNINGS PER SHARE, DILUTED</i>	
	\$ 0.84

Weighted Average Shares (reported and ongoing) - in millions

Basic	671
Diluted	672

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

<i>SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION</i>	<u>Reported/ Ongoing Earnings</u>
U.S. Transmission	\$ 396
Liquids	78
Total Reportable Segment EBITDA	<u>474</u>
Other	(18)
Total Reportable Segment and other EBITDA	<u>\$ 456</u>
<i>EARNINGS</i>	
Total Reportable Segment EBITDA and Other EBITDA	\$ 456
Depreciation and Amortization	(73)
Interest Expense	(63)
Other Income and Expenses	1
Income Tax Expense	(5)
<i>Total Net Income</i>	<u>316</u>
<i>Total Net Income - Noncontrolling Interests</i>	<u>(9)</u>
<i>Total Net Income - Controlling Interests</i>	<u>\$ 307</u>

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

<i>SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION</i>	<u>Reported/ Ongoing Earnings</u>
U.S. Transmission	\$ 320
Liquids	51
Total Reportable Segment EBITDA	<u>371</u>
Other	(18)
Total Reportable Segment and other EBITDA	<u>\$ 353</u>
<i>EARNINGS</i>	
Total Reportable Segment EBITDA and Other EBITDA	\$ 353
Depreciation and Amortization	(70)
Interest Expense	(62)
Other Income and Expenses	1
Income Tax Expense	(2)
Total Net Income	<u>220</u>
Total Net Income - Noncontrolling Interests	<u>(5)</u>
Total Net Income - Controlling Interests	<u>\$ 215</u>

Spectra Energy Partners, LP
Reported to Ongoing Earnings Reconciliation
June 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	\$ 785	\$ 9 A	\$ 794
Liquids	142	—	142
Total Reportable Segment EBITDA	927	9	936
Other	(35)	—	(35)
Total Reportable Segment and other EBITDA	\$ 892	\$ 9	\$ 901
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 892	\$ 9	\$ 901
Depreciation and Amortization	(146)	—	(146)
Interest Expense	(120)	—	(120)
Other Income and Expenses	(2)	—	(2)
Income Tax Expense	(7)	—	(7)
Total Net Income	617	9	626
Total Net Income - Noncontrolling Interests	(17)	—	(17)
Total Net Income - Controlling Interests	\$ 600	\$ 9	\$ 609

A - Asset impairment at Ozark Gas Gathering.

Spectra Energy Partners, LP
Reported to Ongoing Earnings Reconciliation
June 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	\$ 694	\$ —	\$ 694
Liquids	109	—	109
Total Reportable Segment EBITDA	803	—	803
Other	(37)	—	(37)
Total Reportable Segment and other EBITDA	\$ 766	\$ —	\$ 766
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 766	\$ —	\$ 766
Depreciation and Amortization	(143)	—	(143)
Interest Expense	(129)	—	(129)
Other Income and Expenses	—	—	—
Income Tax Benefit (Expense)	(28)	23 A	(5)
Total Net Income	466	23	489
Total Net Income - Noncontrolling Interests	(9)	—	(9)
Total Net Income - Controlling Interests	\$ 457	\$ 23	\$ 480

A - Adjustment of federal income tax liabilities related to the US Assets Dropdown.

Spectra Energy Corp
Reported to Ongoing Distributable Cash Flow Reconciliation
Unaudited
(In millions)

	Quarter-To-Date June 30, 2015			Quarter-To-Date June 30, 2014
	Reported	Special Items	Ongoing	Reported/ Ongoing
Net Income	\$ 80	\$ 138	\$ 218	\$ 188
Add:				
Interest expense	166	—	166	176
Income tax expense (benefit)	(7)	79	72	65
Depreciation and amortization	193	—	193	199
Foreign currency loss	4	—	4	1
Less:				
Third Party Interest Income	1	—	1	2
EBITDA	435	217	652	627
Add:				
Earnings from equity investments	(5)	(12)	(17)	(85)
Non-cash impairment at DCP	194	(194)	—	—
Distributions from equity investments	70	—	70	124
Empress non-cash mark to market	1	—	1	4
Other	17	—	17	1
Less:				
Interest expense	166	—	166	176
Equity AFUDC	24	—	24	9
Net cash paid for income taxes	18	—	18	13
Distributions to non-controlling interests	49	—	49	42
Maintenance capital expenditures	181	—	181	154
Total Distributable Cash Flow	\$ 274	\$ 11	\$ 285	\$ 277
Dividends declared	\$ 248			\$ 223
Coverage - DCF / Dividend	1.1x			1.2x

Spectra Energy Corp
Reported to Ongoing Distributable Cash Flow Reconciliation
Unaudited
(In millions)

	Year-To-Date June 30, 2015			Year-To-Date June 30, 2014
	Reported	Special Items	Ongoing	Reported/ Ongoing
Net Income	\$ 405	\$ 145	\$ 550	\$ 655
Add:				
Interest expense	325	—	325	354
Income tax expense	94	84	178	229
Depreciation and amortization	386	—	386	399
Foreign currency loss (gain)	3	—	3	(2)
Less:				
Third Party Interest Income	2	—	2	3
EBITDA	1,211	229	1,440	1,632
Add:				
Earnings from equity investments	(29)	(15)	(44)	(246)
Non-cash impairment at DCP	194	(194)	—	—
Distributions from equity investments	124	—	124	223
Empress non-cash mark to market	23	—	23	8
Non-cash impairment at Ozark Gas Gathering	9	(9)	—	—
Other	22	—	22	(12)
Less:				
Interest expense	325	—	325	354
Equity AFUDC	40	—	40	15
Net cash paid (refund) for income taxes	(28)	—	(28)	1
Distributions to non-controlling interests	93	—	93	81
Maintenance capital expenditures	272	—	272	246
Total Distributable Cash Flow	\$ 852	\$ 11	\$ 863	\$ 908
Dividends declared	\$ 498			\$ 451
Coverage - DCF / Dividend	1.7x			2.0x

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
(Unaudited)
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net Income	\$ 316	\$ 220	\$ 617	\$ 466
Add:				
Interest expense	63	62	120	129
Income tax expense	5	2	7	28
Depreciation and amortization	73	70	146	143
Foreign currency (gain) loss	—	(1)	3	—
Less:				
Third party interest income	1	—	1	—
EBITDA	456	353	892	766
Add:				
Earnings from equity investments	(45)	(29)	(85)	(57)
Distributions from equity investments (a)	70	43	124	80
Non-cash impairment at Ozark Gas Gathering	—	—	9	—
Other	3	4	6	6
Less:				
Interest expense	63	62	120	129
Equity AFUDC	16	5	27	9
Net cash paid for income taxes	2	5	7	5
Distributions to non-controlling interests	9	6	16	11
Maintenance capital expenditures (b)	73	54	101	78
Total Distributable Cash Flow	\$ 321	\$ 239	\$ 675	\$ 563
Distributions declared	\$ 246	\$ 208	\$ 479	\$ 408
Coverage - DCF/Distributions	1.3x	1.1x	1.4x	1.4x

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