

**REAL WORLD  
REAL RESULTS**



## 2015 Fourth Quarter Update

February 3, 2016



# Safe Harbor Statement

Some of what we'll discuss today concerning future company performance will be forward-looking information within the meanings of the securities laws. Actual results may materially differ from those discussed in these forward-looking statements, and you should refer to the additional information contained in Spectra Energy and Spectra Energy Partners' Forms 10-K and other filings made with the SEC concerning factors that could cause those results to differ from those contemplated in today's discussion. As this is a joint presentation, the terms "we," "our," and "us" refer to Spectra Energy and/or Spectra Energy Partners, as appropriate.

## Reg G Disclosure

In addition, today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures is available on our website.

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Pat Reddy  
*Chief Financial Officer*

# Effects of 4Q15 Special Items

(\$MM)	EBITDA	Net Income <sup>(1)</sup>	EPS	Cash
<b>Ongoing</b>	\$ 672	\$ 189	\$ 0.28	
<b>Adjustments related to Special Items</b>				
Goodwill impairments <sup>(2)</sup>	\$ (333)	\$ (333)	\$ (0.49)	\$ 0
DCP special items	(172)	(110)	(0.16)	0
Other special items	(14)	(9)	(0.02)	(7)
<b>Total Special Items</b>	<b>\$ (519)</b>	<b>\$ (452)</b>	<b>\$ (0.67)</b>	<b>\$ (7)</b>
<b>Reported</b>	<b>\$ 153</b>	<b>\$ (263)</b>	<b>\$ (0.39)</b>	

(1) Represents net income from controlling interests

(2) Recorded in Other at SE

# 4Q15 Results – Ongoing EBITDA

Ongoing SE EBITDA (\$MM)	4Q15	4Q14	YTD 4Q15	YTD 4Q14
Spectra Energy Partners <sup>(1)</sup>	\$484	\$444	1,914	\$1,669
Distribution	113	132	473	552
Western Canada	123	250	516	754
Field Services <sup>(2)</sup>	(36)	(18)	(106)	229
Other	(12)	2	(51)	(58)
<b>Ongoing SE EBITDA</b>	<b>\$672</b>	<b>\$810</b>	<b>\$2,746</b>	<b>\$3,146</b>

Ongoing SEP EBITDA (\$MM)	4Q15	4Q14	YTD 4Q15	YTD 4Q14
U.S. Transmission	\$413	\$369	\$1,608	\$1,415
Liquids	62	71	283	240
Other <sup>(1)</sup>	(18)	(16)	(66)	(64)
<b>Ongoing SEP EBITDA<sup>(1)</sup></b>	<b>\$457</b>	<b>\$424</b>	<b>\$1,825</b>	<b>\$1,591</b>

(1) EBITDA for SEP is different than the EBITDA reported for the Spectra Energy Partners segment within SE. The primary difference is because SEP standalone reports its own Corporate Other.  
(2) Represents SE's 50% share of DCP's ongoing net income + gains from DPM equity issuances. DCP's 2015 adjusted EBITDA on a stand-alone basis (100%) is ~\$725 million.

## PERFORMANCE DRIVERS FOR THE QUARTER:

Spectra Energy Partners	Distribution	Western Canada	Field Services
<p><b>U.S. Transmission</b></p> <ul style="list-style-type: none"> <li>Increased earnings from expansions <ul style="list-style-type: none"> <li>Projects placed in service: OPEN, Uniontown to Gas City, Kingsport, and TEAM 2014</li> <li>Projects currently in execution: Sabal Trail, NEXUS, and AIM</li> </ul> </li> </ul> <p><b>Liquids</b></p> <ul style="list-style-type: none"> <li>Lower equity earnings from Sand Hills &amp; Southern Hills NGL pipelines</li> </ul>	<ul style="list-style-type: none"> <li>Decreased earnings from: <ul style="list-style-type: none"> <li>Lower Canadian dollar</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Decreased earnings from: <ul style="list-style-type: none"> <li>Lower Empress earnings primarily due to net effect of non-cash mark-to-market gains in prior year</li> <li>Lower Canadian dollar</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Decreased earnings from: <ul style="list-style-type: none"> <li>Lower commodity prices</li> </ul> </li> <li>Partially offset by <ul style="list-style-type: none"> <li>Increased earnings from asset growth, improved operating efficiencies and other initiatives</li> <li>Increased ownership of the Sand Hills &amp; Southern Hills NGL pipelines</li> </ul> </li> </ul>

# Spectra Energy Partners: Distributable Cash Flow



<b>SEP Distributable Cash Flow</b> (\$MM)	<b>4Q15</b>	<b>4Q14</b>	<b>YTD 4Q15</b>	<b>YTD 4Q14</b>
Ongoing EBITDA	\$457	\$424	\$1,825	\$1,591
<b>ADD:</b>				
Earnings from equity investments	(33)	(40)	(167)	(133)
Distributions from equity investments	24	45	207	165
Other	4	(2)	12	8
<b>LESS:</b>				
Interest expense	60	55	239	238
Equity AFUDC	26	13	76	33
Net cash paid for income taxes	4	1	12	6
Distributions to noncontrolling interests	8	7	31	29
Maintenance capital expenditures	94	106	314	270
<b>Total Distributable Cash Flow</b>	<b>\$260</b>	<b>\$245</b>	<b>\$1,205</b>	<b>\$1,055</b>
<b>Coverage Ratio</b>			<b>1.2x</b>	<b>1.2x</b>

SEP exceeded expected coverage ratio for the year

# Spectra Energy: Ongoing Distributable Cash Flow



<b>SE Distributable Cash Flow</b> (\$MM)	<b>4Q15</b>	<b>4Q14</b>	<b>YTD 4Q15</b>	<b>YTD 4Q14</b>
Ongoing EBITDA	\$672	\$810	\$2,746	\$3,146
<b>ADD:</b>				
Earnings from equity investments	1	(24)	(65)	(373)
Distributions from equity investments	26	107	209	416
Empress non-cash items	18	(60)	42	(60)
Other	(5)	(28)	25	(19)
<b>LESS:</b>				
Interest expense	156	158	636	679
Equity AFUDC	38	20	111	53
Net cash paid/(refund) for income taxes	49	(16)	29	(8)
Distributions to noncontrolling interests	58	47	198	175
Maintenance capital expenditures	210	280	691	751
<b>Total Distributable Cash Flow</b>	<b>\$201</b>	<b>\$316</b>	<b>\$1,292</b>	<b>\$1,460</b>
<b>Coverage Ratio</b>			<b>1.3x</b>	<b>1.6x</b>

SE exceeded expected coverage ratio for the year



# 2015 Financial Highlights

- Multiple financing vehicles to fund growth capex
  - Continued strong interest in SEP’s ATM program, raising ~\$550MM
  - Several debt issuances
  - Issued preferred shares at Westcoast Energy, Inc.
- Strong counterparty credit profile
  - SEP: 95% Investment grade or secured by collateral
  - SE: 90% Investment grade or secured by collateral

	 12/31/15	 12/31/15
<b>Financial Covenant Metrics</b>	59.6% Debt/Cap <sup>(1)</sup>	3.6x Debt/EBITDA <sup>(1)</sup>
<b>Credit Ratings</b>	Baa2 / BBB- / BBB <sup>(2)</sup>	Baa2 / BBB / BBB <sup>(2)</sup>
<b>Available Liquidity</b>	\$2.8B <sup>(3)</sup>	\$1.7B

*(1) Calculated in accordance with the credit agreements; max 65% and 5.0x, respectively*

*(2) Moody's / S&P / Fitch senior unsecured ratings*

*(3) Total consolidated*

Strong financial position as we move into 2016



# Strong Business Fundamentals Deliver Results through Cycles



## WHAT WE TOLD YOU LAST YEAR:

Outstanding asset footprint provides a strong base business and a well-positioned platform for ongoing expansion

2015-2017 DCF forecast has essentially no incremental commodity downside

\$9.5B of expansion projects currently in execution will extend earnings & cash growth beyond 3-year plan

2015 – 2017 Plan supports dividend growth of \$0.14/year with coverage at or above 1.0x

## 2015 RESULTS DELIVERED:

- Recorded peak pipeline deliveries
- Maintained investment grade credit ratings
- Strengthened DCP
- Achieved 7% stronger DCF despite 20-30% lower commodity prices and 10% weaker Canadian dollar compared to 2015 Plan
- Placed \$2.5B growth projects in service
- Secured almost \$2B of new growth projects
- SE coverage: 1.3x
- SE annual dividend increase: \$.14/share
- SEP coverage: 1.2x
- SEP quarterly distribution increase: \$.0125/share

# Q&A

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