

Making Sustainable Choices

Right Here, Right Now



2009 Sustainability Report

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ABOUT THIS REPORT

This report focuses on the economic, social and environmental impact of our operations during 2008 and 2009 (unless otherwise noted), and establishes goals for our next report in 2012. We account for our operated assets only, which exclude our non-operated joint venture DCP Midstream, and our jointly operated Gulfstream Natural Gas System and Southeast Supply Header. Our reporting conforms to generally accepted standards, including the Global Reporting Initiative (GRI). A broad index to the GRI indicators is located on page 24 of this report, and a detailed index is posted at spectraenergy.com. Additional information is available on that Web site and in our annual report. With the information presented in this report and on our Web site, we believe that we meet the criteria for GRI Application Level B. Our Web site also lists contact information, and we value feedback from our stakeholders and other interested parties.



**Dow Jones
Sustainability Indexes**
Member 2009/10

**CARBON DISCLOSURE PROJECT
LEADERSHIP INDEX**



"We're creating jobs and making a lasting economic impact. Since 2007, we've invested over \$3 billion in expansion projects that bring new supplies of clean natural gas to communities."

Ann Nguyen
accounting



"We place a high priority on building a best-in-class governance process, from a strong independent board to accountability throughout the organization."

Trish Rice
corporate secretary



"We put a lot of effort into helping our customers use less energy. It's good for our customers and good for the environment."

Bryan Goulden
market development

Pictured on the front cover, from left to right:

Rita Nguyen – *capacity services*; Steve Martin – *engineering and construction*;
Joanne Metz – *communications and aboriginal affairs*; Gene Padgett – *accounting*

At Spectra Energy, we make sustainable choices right here, right now, and for the future.

At Spectra Energy, sustainability is about the way we operate our business – right here, right now, and for the future. Every day we make choices that meet society's energy needs while demonstrating economic, social and environmental responsibility... choices that support the long-term sustainability of our company for the benefit of our investors and other stakeholders. In this report, we discuss those choices and the progress we have made since our baseline sustainability report in 2008.



"Valuing and engaging our people is a two-way street. We encourage a culture of respect, and we listen and respond to employees' priorities."

Rohby Mitchell
human resources



"When we plan our pipeline routes, we engage landowners and communities. We're going to be part of the communities for a long time, and we want to be a welcome partner from day one."

Kitty Maidens
engineering services



"For us, pipeline integrity is a key safety priority. We know it is essential to protect the public and to ensure system reliability for our customers."

Emilio De Cardenas
operations

Committed to Making Sustainable Choices



Gregory L. Ebel
president and chief executive officer

"In the fall of 2008, we set a path for 2009 through 2012 that would put us on a trajectory to be the "company of choice" and to be leading our sector by 2012 in terms of three key focus areas – safety and reliability, customer responsiveness and profitability. It is an ambitious goal and one that we are confident in meeting and being measured against."

To Our Valued Stakeholders,

At Spectra Energy, we are firmly committed to making sustainable choices and representing the best in economic, environmental and social values and practices. For us, sustainability is fundamental to meeting both short-term and long-term financial and operational targets in an environment of changing energy priorities. It is how we live, work and conduct business on behalf of our many stakeholders. I am pleased to report to you that we made significant strides toward these goals in 2009.

Our economic sustainability is strong. Financially, we have successfully balanced short-term and long-term priorities, delivering an above-market return while undertaking expansion projects based on secure contracts that position us for long-term, lasting value and growth. In the past two years, we have enhanced our governance by adding an independent chairman of the board and have strengthened our Code of Business Ethics requirements for contractors and suppliers. We continue to build our management framework to promote accountability and performance metrics.

Our environmental performance is a high priority, and that is reflected in our record. In 2009, Spectra Energy was again named to the Dow Jones Sustainability Index, and we were recognized as the top energy company on the Carbon Disclosure Project's Leadership Index. We also received the U.S. Environmental Protection Agency's Natural Gas STAR Program Transmission Partner of the Year Award for improvement in operational efficiency and emissions reduction.

Cleaner-burning natural gas is increasingly used to fuel electricity generation, providing a tangible opportunity to create economic value and realize the environmental benefit of significant reductions in greenhouse gas emissions. The abundant supply of natural gas is domestically available and economically attractive, and the infrastructure for delivery is in place and growing, providing supply choices and greater price transparency for consumers.

Our environmental sustainability challenge for the future is to continue building on our efficiency successes and manage our emissions. We are committed to continuing our efforts toward environmental sustainability, and to persistently assess our operations and improve wherever possible. Toward that end, we are exploring the use of emissions-intensity indicators to appropriately measure our performance. Accurate analysis leads to effective environmental actions.

Our social commitment – to both our talented employees and broader communities – is an area where we have experienced highs and lows since our last report. We are extremely proud that our employees contributed 28,000 volunteer hours to the communities where we live and work. In addition, through our company-matched philanthropic giving we invested \$7.5 million in communities across North America. However, we are deeply saddened by two safety-related deaths in 2009: one Spectra Energy employee and one employee of our non-operated joint venture, DCP Midstream. These tragic losses give added impetus to our drive to achieve a zero-incident safety culture in both our wholly owned operations and our joint ventures.

We place a high value on listening to our employees. In that spirit, we conducted an employee survey during 2009 that was benchmarked against other energy companies and against an index of high-performing companies across North America. Overall, we were ranked among the highest performing

2009 HIGHLIGHTS

companies. When we analyzed the results, the survey identified a number of strengths and revealed some areas for improvement. Working together, we are using this feedback to raise the bar across our organization.

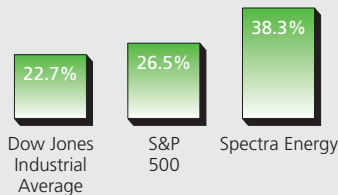
I am tremendously proud of our employees for continually seizing opportunities to improve our performance. With the full support of management and the board of directors, they approach every day, every job, every decision with passion, wisdom and commitment to serving our world and our stakeholders.

Demand is growing for cleaner, secure energy sources that will fuel our economy for generations to come. Natural gas has an important role to play as we move forward, and Spectra Energy plays a critical role in delivering the 21st-century fuel of choice. However, as important as *what* we do is *how* we do it. Our sustainability record is solid, but we have more to do to fully realize our vision. We are committed to becoming even better stewards of our environment and our resources, and stronger partners with our stakeholders. We will continue to make sustainable choices, right here, right now, for our future.



Gregory L. Ebel
president and chief executive officer

Deliver Superior Economic Results



Total Shareholder Return 2009

Ensure Strong Corporate Governance and Business Ethics

In 2009, we strengthened our governance structure by appointing an independent chairman of the board, Bill Esrey, chairman emeritus of Sprint Corporation. Beginning in 2011, all directors will be elected for one-year terms.

In 2009, we began requiring contractors to take training on our Code of Business Ethics.

Operate Safely, Reliably and Responsibly

18 PERCENT IMPROVEMENT

Achieved improvement of 18 percent in recordable injury frequency for our total workforce (employees and contractors) from 2007–2009. Spectra Energy annually benchmarks these safety indicators against our industry peers.

A company-wide Operations Performance Assurance framework was developed in 2009, encompassing safety, reliability, integrity, compliance and environmental impact.

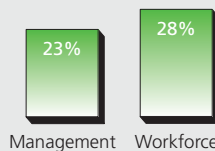
Protect the Environment

\$345 MILLION SAVED

In 2009, our demand-side energy management programs helped reduce energy use and emissions, and generated cost savings of \$345 million for our customers.

We defined our role in addressing climate change and formalized our public policy positions.

Value and Energize Our People

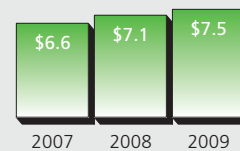


Women at Spectra Energy

Women comprise 28 percent of our workforce and 23 percent of our management team.

We were able to grow our workforce during the challenging global economy.

Support and Engage Our Communities



Spectra Energy Giving (in millions)

In 2009, we contributed \$7.5 million in philanthropic giving. We invest strategically in win-win opportunities with enduring benefits for the communities where we work and live.

In 2009, we assessed and refined our approach to stakeholder outreach, established corporate-wide stakeholder engagement principles and made our process more systematic.

Our Company and Our Businesses

	U.S. TRANSMISSION	WESTERN CANADA TRANSMISSION AND PROCESSING
<p>Spectra Energy Corp (NYSE: SE), a <i>Fortune</i> 500 company, is one of North America's premier natural gas infrastructure companies serving three key links in the natural gas value chain: gathering and processing, transmission and storage, and distribution. For nearly a century, Spectra Energy and its predecessor companies have developed critically important pipelines and related infrastructure connecting natural gas supply sources to premium markets. Based in Houston, Texas, the company operates in the United States and Canada approximately 19,100 miles of transmission pipeline, more than 285 billion cubic feet (Bcf) of storage, as well as natural gas gathering and processing, natural gas liquids operations and local distribution assets. The company also has a 50 percent ownership in DCP Midstream, one of the largest natural gas gatherers and processors in the United States. Spectra Energy is a member of both the Dow Jones Sustainability Index North America and the Carbon Disclosure Project's Leadership Index.</p>	<p>Our U.S. Transmission business provides transportation and storage of natural gas for customers in various regions of the northeastern and southeastern United States and the Maritime Provinces in Canada. Our U.S. pipeline systems consist of more than 14,300 miles of transmission pipelines that receive natural gas from major North American producing regions for delivery to their respective markets. U.S. Transmission has 129 Bcf of storage capacity.</p>	<p>Our western Canadian operations provide natural gas gathering and processing services and transport processed gas to North American markets. Comprised of the BC Pipeline, BC Field Services, the natural gas liquids (NGL) and Canadian Midstream businesses, our assets are strategically located to connect western Canadian natural gas supply sources with growing Canadian and U.S. markets. BC Pipeline has approximately 1,800 miles of transmission pipeline in BC and Alberta. BC Field Services has five gas processing plants and approximately 1,500 miles of gathering pipelines. The Canadian Midstream business consists of 11 natural gas processing plants and approximately 600 miles of gathering pipelines. The NGL business assets include, among other things, NGL extraction, fractionation, storage, transmission, loading and marketing operations.</p>
UNION GAS	OUR OPERATED AND JOINTLY OPERATED ASSETS	
<p>Union Gas, which specializes in the sale and delivery of natural gas to homes, businesses and industries, as well as the storage and transportation of natural gas for other utilities and companies, serves more than 1.3 million residential, commercial and industrial customers in Ontario. Union Gas' system consists of approximately 37,300 miles of distribution main and service pipelines, 156 Bcf of storage capacity in 23 underground storage facilities and approximately 3,000 miles of high-pressure pipelines.</p>		

Natural Gas Facts

Natural gas is the 21st-century fuel of choice – clean, domestic, abundant and reliable. It will play an important role in addressing the issues that will define the century: energy security, environmental integrity and economic stability. Natural gas is the natural choice. Right here, right now.



Clean

Natural gas is clean. It is the cleanest-burning conventional fuel, producing 45 percent less carbon dioxide than coal and 30 percent less than fuel oil when burned.



Domestically Available

Natural gas is domestically available. Nearly all of the natural gas consumed in North America – 98 percent – is produced in the U.S. and Canada.



Abundant

Natural gas is abundant. Discoveries of new reserves in unconventional rock formations like shale, tight sands and coal seams have expanded our supply to well beyond 100 years.



Efficient

Natural gas is efficient. Some 90 percent of natural gas' energy value is delivered directly to consumers.



Even More Efficient

Natural gas is becoming even more efficient. While the number of natural gas residential customers in North America has grown by 70 percent over the last 40 years, customers today actually use nearly 40 percent less natural gas. Greater efficiency in production, delivery and usage means fewer greenhouse gas emissions – more good news.



Reliable

Natural gas is reliable. Natural gas is energy we can count on, day in and day out. Whether the sun's shining or the wind's blowing, plentiful supplies of natural gas are available for immediate dispatch, via an existing interconnected, efficient and highly reliable delivery system.



Versatile

Natural gas is versatile. It generates electricity, runs our manufacturing plants, provides raw material for a range of products, heats and cools our homes and fuels transportation. It provides low-emission backup generation for renewable sources like solar and wind.



Safe

Natural gas is safe. Stringent safety standards govern the exploration, production, transportation, distribution and use of natural gas. North America's continental natural gas pipeline system is the safest mode of energy transportation in the world today – and we are committed to maintaining and improving that record.



Needed

Natural gas is needed. Natural gas currently meets about one-fourth of North America's energy needs. And we have the capacity to serve even greater demand as natural gas is increasingly called upon as a clean alternative for both power generation and transportation.



Now

Natural gas is now. There is no time to lose in our quest for energy solutions. Natural gas is ready now. It is a proven resource, backed by proven technology, in-place, expandable infrastructure and talented men and women dedicated to delivering on its tremendous promise. It's time to act. It's time to choose natural gas.

Sustainability at Spectra Energy



“At Spectra Energy, we talk about the ‘right here, right now’ imperative of the product we deliver and the priorities we address. However, we also know that near-term actions must support the long-term sustainability of our company for the benefit of our stakeholders. That awareness drives us to focus on all aspects of business success, including economic, environmental and social performance.”

Elie Atme
director, sustainability

For Spectra Energy, sustainability means providing natural gas infrastructure services to meet North America’s energy needs in a way that is economically, environmentally and socially responsible.

OUR BUSINESS PURPOSE

Our purpose is to create sustainable value for our investors, customers, employees and communities by providing natural gas gathering and processing, transmission, storage and distribution services.

We build value on a sustainable basis by:

- Advancing the role of natural gas in meeting North America’s energy needs
- Delivering excellence in safety, reliability, customer responsiveness and profitability
- Capitalizing on the size and attributes of our existing assets
- Executing our expansion projects on time and on budget
- Pursuing strategic growth opportunities

Our sustainability strategy helps us manage non-financial risk, provides a competitive advantage in accessing new markets and operating in sensitive areas, and builds public and employee support. Our approach to sustainability reinforces our reputation as an organization that lives its values. It also supports our purpose of creating superior value for our stakeholders.

OUR NEXT STEPS

Engagement with all relevant stakeholders, as illustrated on page 7 of this report, is fundamental to the way we do business. It demonstrates our commitment to our stakeholders’ success and helps build win-win relationships. The results of our engagement activities help determine our next steps in sustainability.

The Sustainability Performance Scorecard on pages 8–9 reports the progress made on our commitments. The table also highlights our commitment focus areas and planned next steps for the 2010 to 2012 period.

OUR SUSTAINABILITY COMMITMENTS

In support of sustainability, we commit to:

Deliver Superior Economic Results	Ensure Strong Governance and Business Ethics	Operate Safely, Reliably and Responsibly	Protect the Environment	Value and Energize Our People	Support and Engage Our Communities
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These are the focus areas that most closely align with our values, are most relevant to our stakeholders and have the greatest impact on our ability to execute our business strategy. They provide the framework of this report and our approach to sustainability, and each plays an important role in our pursuit to become North America’s premier natural gas infrastructure company.

Stakeholder Engagement

Below are profile and business highlights for our key stakeholder groups and summaries of engagement activities for each. For a complete list, please visit our Web site: spectraenergy.com.

Employees	Customers	Investors	Communities	Governments and Regulators
5,223 Employees	1.3 million+ Natural gas producers, industrial, commercial, utility and retail customers	450,000 Beneficial owners	\$60 million Supplier diversity spending	2 Countries 7 Provinces 26 States
\$782 million Wages paid and employee benefits provided	100% by revenue Renewal of U.S. long-haul transmission contracts	\$1.32 Earnings per share	\$7.5 million Total philanthropic giving	\$870 million Taxes paid
\$1.4 million Employee and retiree matched giving	>98% Reliability at gathering and processing plants in western Canada	\$631 million Dividends paid	28,000 Volunteer hours	~4,000 trillion Btu Clean natural gas delivered within North America

ENGAGEMENT ACTIVITIES BY STAKEHOLDER GROUP:

- Open-door policy
- Quarterly all-employee meetings
- Newsletters, senior leadership communications, intranet
- Employee resource networks
- Employee engagement and safety surveys
- Employee development conversations

- Customer interviews, surveys
- Direct customer feedback
- Face-to-face meetings, newsletters
- Customer seminars, conferences and meetings

- Shareholder meetings, webcasts, quarterly conference calls
- Financial reporting
- Annual and sustainability reports
- Annual shareholder meeting

- Community consultation and open houses
- Social and Environmental Impact Assessments
- Local publications and media
- Partnerships in local organizations
- Employee volunteerism

- Delivering and managing regulatory compliance
- Dialogue with government regulators
- Engagement on key public policy and legislative issues
- Annual and sustainability reports

Data shown is for 2009.

Sustainability Performance Scorecard

Deliver Strong Economic Results

Deliver on financial commitments in 2008 and beyond

In 2008 and 2009, we achieved diluted earnings per share of \$1.81 and \$1.32, and net income – controlling interests of \$1,129 million and \$848 million, respectively.

Successfully execute \$4+ billion, multi-year expansion program

Since 2007, we placed into service 42 expansion projects totaling \$3+ billion, contributing a combined return on capital employed of greater than 12 percent. In 2010, we will place \$900 million of projects into service.

Continue to improve stakeholder outreach program; establish stakeholder outreach principles and approach

In 2009, we adopted and implemented stakeholder engagement principles and a framework for improvements.

Initiate implementation of a company-wide sustainability program

Sustainability is being systematically integrated company-wide. This sustainability report addresses our progress.

Benchmark our sustainability performance against leading sustainability indices

In 2008 and 2009, Spectra Energy was named to the Dow Jones Sustainability Index, North America and the Carbon Disclosure Leadership Index. In 2009, we were recognized as the top energy company on the Carbon Disclosure Leadership Index.

NEXT STEPS

Deliver on financial and capital project commitments.

Strengthen relationships with key stakeholders by continuously improving engagement and communications.

Continuously improve customer satisfaction levels by focusing on reliability and customer responsiveness.

Successfully implement Supply Chain Excellence program to improve supplier relationships, strategic sourcing, sustainability and enhanced technology.

Continuously improve performance in the Dow Jones Sustainability Index and Carbon Disclosure Leadership Index.

Ensure Strong Corporate Governance and Business Ethics

Conduct annual assessment of the board of directors

Self-assessments of the board of directors and board committees were performed in accordance with our Principles of Governance and the committee charters.

Begin to consider integration of sustainability into risk management and investment decisions

Sustainability considerations are integrated into company-wide risk management framework.

Establish environmental health and safety (EHS) auditing function

The EHS Management System auditing function was established and has conducted 24 audits representing 87 percent coverage of the types of physical assets in the corporation.

Approve Sustainability Charter, appoint oversight committee

Our Sustainability Charter was approved in early 2008. Greg Ebel, Spectra Energy's president and CEO, is the executive sponsor of the oversight committee.

NEXT STEPS

Maintain strong corporate governance systems.

Conduct independent, third-party review of ethics and compliance program.

Implement enhanced ethics and compliance training.

Operate Safely, Reliably and Responsibly

Advance our zero injury and zero work-related illness safety culture

We were saddened by two safety-related deaths in 2009 – an employee of Spectra Energy and an employee of our non-operated joint venture, DCP Midstream, and by two contractor fatalities in 2008. Our employee lost workday safety performance improved slightly from 2008 to 2009 and recordable safety performance diminished from 2008 to 2009.

Seek to improve contractor safety performance

Contractor recordable safety performance improved from 2008 to 2009 as a result of providing safety training, support and oversight to contractor companies.

Continue to comply with the Code of Business Ethics (Code), internal policies, and applicable laws and regulations

In 2009, the Code was extended to contractors, suppliers and service providers. All employees and contractors received Code training; specialized groups received additional training.

Evaluate feasibility of a company-wide integrated operations management system

A company-wide Operations Performance Assurance framework was developed in 2009 integrating: safety, reliability, integrity, compliance and environmental performance management systems.

NEXT STEPS

Continuously improve safety performance, targeting at least 10 percent recordable incident improvement for employees and contractors.

Implement Contractor Safety Management programs across Spectra Energy.

Implement Operations Performance Assurance framework company-wide, incorporating discretionary maintenance spend, supply chain management and EHS management system.

Protect the Environment

Implement our EHS data protocol and management systems (EPASS) including greenhouse gas emissions
EPASS has been implemented and broadened to enable organization-wide learning from environmental incidents. Scope and accuracy of environmental performance reporting improved.

Continue to assess possible environmental impacts and consider strategies to minimize and mitigate these impacts

Environmental Strategy Framework was developed in 2009 that enables understanding of impacts and reduction or management of remaining impacts.

Continue to develop projects and customer-focused programs that reduce greenhouse gas emissions

Approximately 2.9 million tonnes of cumulative CO₂e emissions have been avoided or reduced from 2007–2009 by operating seven carbon capture and storage facilities, running demand-side management programs, and focusing on operational efficiency.

NEXT STEPS

Develop environmental footprint and energy efficiency metrics while continuing to improve performance reporting.

Extend environmental performance requirements to contractors and suppliers.

Conduct pilot waste minimization projects to evaluate waste reduction opportunities.

Continue to develop projects and customer-focused programs that reduce greenhouse gas emissions.

Continue to assess feasibility of Fort Nelson Carbon Capture and Storage project to enable a decision regarding full project execution.

Value and Energize Our People

Launch our high-performance competencies
We launched high-performance competencies in 2007 and are integrating them into employee programs and performance management process.

Continue to design personal development plans for employees

We implemented the performance management process, which includes the tools for employees to create personal development plans across Spectra Energy.

Identify competency-based training needs

In 2008, business units developed workforce action plans, updated annually, to identify and forecast staffing and training needs. The plans link identified competency training needs to employee development programs.

Develop metrics and goals to support a high-performance organization

In 2009, we developed measures to support a high-performance organization and become the “employer of choice.”

Establish and support employee resource networks
Employee resource networks that create a supportive environment for diverse employee populations have been established.

NEXT STEPS

Continue to develop and improve human resource metrics.

Continually assess and implement Workforce Action Plans to ensure business sustainability.

Implement Knowledge Sharing in three departments in 2010.

Implement action plans responding to the results of the employee survey and measure progress.

Prepare candidates for management positions using succession planning and employee development with emphasis on women and diversity candidates.

Support and Engage Our Communities

Maintain commitment to philanthropy and employee volunteerism

Philanthropic contributions have increased every year. A strategic review of community relations and corporate philanthropy in 2009 resulted in strengthening our programs.

Develop metrics to assess the impact of contributions

Performance metrics for community relations and corporate philanthropy were developed in conjunction with the 2009 strategic review. Metrics will be implemented in 2010.

Implement the integrated preparedness program

Our integrated preparedness program is fully implemented; regular training and drills ensure preparedness. In 2008, we successfully responded to two hurricanes and minimized disruptions to customers.

Advance supplier diversity program

We purchased \$60 million of goods and services from diverse suppliers in 2009. Where appropriate, we work with diverse suppliers to help build their capacity to meet our standards.

NEXT STEPS

Contribute lasting value to communities by implementing the strategic plan for corporate philanthropy.

Union Gas will progress its Demand-Side Management programs for low-income retail customers targeting conservation of natural gas, water and electricity use.

Successfully launch a program to train our employees to be ambassadors for Spectra Energy.

Further progress the supplier diversity program; implement new supply chain sustainability benefit tracking process.

Demonstrate that Spectra Energy is always ready to respond by continuously improving our integrated preparedness program in cooperation with local communities.

42

Number of Projects in Service

Since our 2007 launch, we have placed into service 42 fee-based expansion projects, totaling more than \$3 billion.

"We adhere to exacting project development and execution standards, which give us great confidence in our ability to complete projects on time and on budget."

Joe Ramsey
group vice president, project execution

12.3

PERCENT

Return on Capital Employed

The combined return on capital employed from 42 fee-based expansion projects.



"We bring together a diverse team of experts from across the business, early in the process, so we can consider all issues right from the start."

Greg Kenney
vice president, engineering and construction

OUR SUSTAINABILITY COMMITMENTS

Deliver Superior Economic Results



Pat Reddy
chief financial officer

"Our shareholders can count on Spectra Energy to deliver results, grow the business and return value to them in the form of steady dividend payments. The earnings generated by our fee-based businesses are more than adequate to fund our dividend payments."

Spectra Energy's purpose is to create superior, long-term value for our investors, customers, employees and communities by providing natural gas infrastructure and services. In fulfilling our purpose, we build lasting relationships with our key stakeholders as we generate value for our shareholders, provide secure jobs for our employees, deliver clean-burning natural gas to meet our customers' energy needs, and contribute to the economic and social development of communities.

We deliver superior economic results through disciplined financial management and by growing the business to create sustainable value and carefully managing our financial and non-financial risks.

2009 FINANCIAL PERFORMANCE

Our financial results for 2009, detailed in the Spectra Energy annual report, demonstrate our ability to deliver strong results even in a challenging economic environment. Spectra Energy is well positioned with strong cash flow, an investment-grade balance sheet, ample liquidity and excellent access to capital to support to our growth.

Our financial highlights in 2009:

- Net income, earnings per share and dividends were at or above our targets,
- Total Shareholder Return outperformed both the S&P 500 and the Dow Jones Industrial Average,

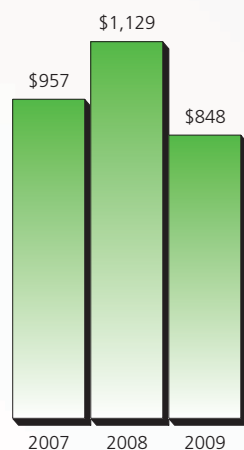
- Secured long-term, firm contracts with new and existing customers for expansion projects in all our business segments and markets, and
- Delivered 10 new expansion projects – on time and within budget – that will exceed our goals for returns on capital investment, and provide long-term earnings and cash flow.

GROWING OUR BUSINESS

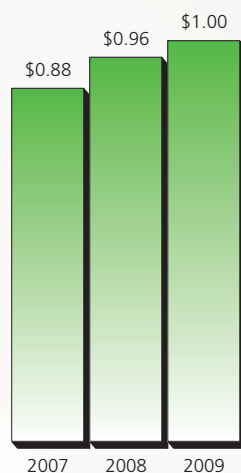
We grow our business by adding infrastructure capacity and services. Since our spin-off in 2007, we have placed into service 42 fee-based expansion projects, totaling more than \$3 billion. Over the next three years, we plan to invest approximately \$1 billion per year in additional growth projects.

Growing demand for natural gas results in increases in our pipeline throughput and leads to expansion of our facilities to meet customer needs. Our strategically located assets connect conventional and

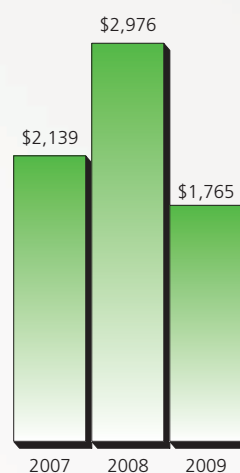
Net Income
Millions



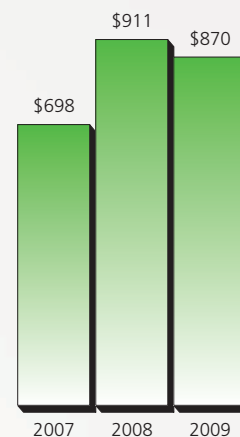
Dividends Per Share
Dollars



Materials & Services Spending
Millions



Taxes Paid
Millions



unconventional natural gas supplies with four of the five fastest-growing markets in North America.

Spectra Energy Partners' acquisition of Ozark Gas Transmission in 2009 demonstrated our ability to pursue both "buy" and "build" strategies, depending on which is most advantageous for our business, investors and customers.

MANAGING RISKS

To ensure the oversight and management of our enterprise-wide risks, we have adopted a uniform risk analysis framework focused on four major risk categories: financial, strategic, operational and legal. Members of Spectra Energy's senior leadership team have specific accountability for each of the risk categories. Our board is responsible for the oversight of our risk management process.

Risk management committees provide oversight of key strategic and operational risks. We use a standardized approach and tools for assessing risks and systematic processes to mitigate and monitor risks and share key learnings across the organization.

ESTABLISH WIN-WIN RELATIONSHIPS

Our stakeholders are those who are, or could be, affected by our operations. Developing mutually beneficial relationships with our

stakeholders is a key focus that is ingrained in our culture, one of our Charter values and essential for our long-term success.

In 2009, we assessed and refined our approach to stakeholder outreach, establishing corporate-wide stakeholder engagement principles and making our process more systematic.

CUSTOMER RELATIONSHIPS

We have over 1.3 million customers, including natural gas producers, industrial, commercial, utility and retail customers. Our customer relationships are founded on:

- a well-positioned asset base growing in response to customers' needs,
- safe, cost-effective, reliable services tailored to meet their expectations,
- relationships based on trust, mutual respect, and open and honest communications, and
- our willingness to learn and improve by seeking feedback through one-on-one conversations and formal customer surveys.

WORKING WITH REGULATORS

Regulatory agencies oversee fundamental aspects of our business. Understanding regulators' expectations and building positive, constructive relationships with them help us avoid delays in major projects.

In working with regulators, we seek to:

- serve as respected advisors on issues of importance to our industry and regulators,
- improve the quality and value of services for our customers,
- achieve fair and equitable rate settlements that provide stability and certainty for our customers and our shareholders, and
- ensure the safety of the public at large.

POLITICAL INVOLVEMENT AND CONTRIBUTIONS

Spectra Energy participates in the democratic process while adhering to the letter and spirit of all applicable laws in Canada and the U.S.

In 2009, through the Spectra-DCP PAC, a voluntary, employee-driven and non-partisan political action committee, eligible employees contributed \$160,936 to organizations and the campaigns of candidates for federal and state office in the U.S.

PUBLIC POLICY PARTICIPATION

We track proposed legislation so that we may advocate the company's position. In doing so, we engage with governments at the state, provincial and federal levels in Canada and the U.S.

Our key public policy issues include the role of natural gas, global climate change, regulatory stability and tax policy.

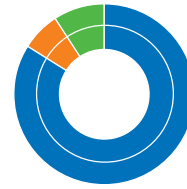
82

The Compliance and Ethics index provides an overall measure of our employees' view of the compliance and ethics culture in Spectra Energy. In our 2009 employee survey, our Compliance and Ethics index score was 82 percent favorable, which is five points higher than benchmarked North American high-performing companies.



"Through our internal audit services, we provide an independent assurance function that helps Spectra Energy maintain effective controls and governance throughout the organization."

John McCraw
vice president, audit services



■ Favorable // 84%
■ Neutral // 7%
■ Unfavorable // 9%

Our employees say:

"I think I could report incidences of dishonest or unethical practices to the appropriate level of authority without fear of reprisal."

Employee responses ranked us seven points higher than benchmarked North American high-performing companies.

OUR SUSTAINABILITY COMMITMENTS

Ensure Strong Corporate Governance and Business Ethics



Jackie Phillips
vice president, ethics and compliance

"Our values guide us in the conduct of our business, and our Code of Business Ethics establishes the standards we follow. Everyone at Spectra Energy is committed to conducting business ethically, honestly and in compliance with all applicable rules and regulations."

We conduct our business with integrity, transparency and accountability. Our corporate governance systems are designed to be transparent and to ensure we comply with the letter and intent of all laws, regulations and rules that apply to our business and our industry, and that we operate both ethically and profitably.

Current business and societal trends reinforce the importance of governance shaped by strong core values. Increasingly, stakeholders want to understand what companies stand for, how they make decisions, and how they manage their operations.

Corporate governance at Spectra Energy starts with an effective board of directors structure supported by clearly articulated policies that drive management systems and processes. This tiered approach establishes clear direction and accountability.

We continue to strengthen our governance policies and procedures through our own internal reviews and by evaluating and implementing external best practices to ensure we have a sound governance framework for achieving business results.

BOARD OF DIRECTORS

Our board of directors is elected by shareholders to provide management oversight and to assure the long-term interests of shareholders are served. The board recognizes that shareholder interests are advanced

by balancing the interests of all our stakeholders, including investors, customers, employees and the communities we serve.

The board operates under formal corporate governance principles and a code of business conduct. It has four committees: audit, compensation, corporate governance and finance, and risk management. The audit, compensation and corporate governance committees are composed solely of independent directors.

We continue to strengthen our governance structure, beginning at the board level.

In 2009, we appointed an independent chairman of the board. Bill Esrey, the chairman emeritus of Sprint Corporation, balances independence with experience, having served on the boards of Spectra Energy and its predecessor companies since 1985.

We have limited the members of our board who are not independent to our chief executive officer. We believe this will maximize the effectiveness of our board oversight and provide perspectives to our business that are independent from management.



"I am pleased with the employee survey results that indicated 96 percent of our respondents are fully aware of how to report any unethical business practices or conduct that they may encounter."

Reggie Hedgebeth
general counsel

Our board also took the initiative to recommend a shareholder vote for annual election of all board members. This action, called "declassifying," creates stronger, more immediate board accountability. The declassifying motion was approved by a supermajority of shareholders in 2009 and is being phased-in, starting with the 2010 annual shareholder meeting.

The board conducts an annual performance self-assessment, including assessments of each board committee. The board also holds executive sessions as part of every board meeting and audit and compensation committee meetings. This allows the independent directors an opportunity to discuss issues with more candor than they might with management present.

CHARTER AND CODE OF BUSINESS ETHICS

The Spectra Energy Charter establishes our vision, purpose, values and measures of success. Our values guide us in the conduct of our business. Our Code of Business Ethics establishes standards designed to help us conduct business ethically and honestly. All company representatives are expected to abide by our Code. Our policies guide our employees in managing day-to-day compliance with our Code and set corporate standards and guidance for conducting our business.

In 2009, we strengthened our ethics expectations by revising the Code to address contractors, service providers and suppliers. Contractors now undergo our ethics training; and supply contracts and master services agreements now require vendors to abide by our Code and ethics practices.

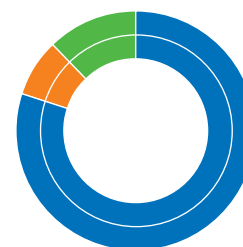
As part of our commitment to both transparency and performance metrics, we provide summary data on ethics reporting. In 2009, 49 ethics matters were reported, primarily through the EthicsLine*. The majority of the reported items were human resources-related. Every reported matter was investigated and satisfactorily concluded with no finding of serious violations of our Code.

To assess how well we are living within our Code, we plan a third-party review of our ethics and compliance program in 2010.

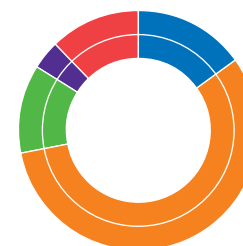
MANAGEMENT SYSTEMS

Management systems and processes are the means by which we monitor and control the implementation of our business strategies and policies. In the past two years, we have strengthened fundamental systems, including risk management, operations, stakeholder engagement and environment, health and safety auditing, which will help ensure that we continue to operate our business safely and with integrity.

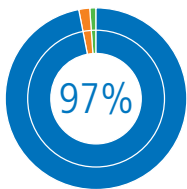
Ethics Reports by Source 2009



Ethics Reports by Category 2009



*EthicsLine – independent, confidential, 3rd party resource.



■ Favorable // 97%
 ■ Neutral // 2%
 ■ Unfavorable // 1%

Our employees say:

“Generally speaking, Spectra Energy is a safe place to work.” Employee responses ranked us two points higher than benchmarked North American energy companies.



Members of our Operations leadership team, pictured left to right: Fulkra Mason; Al Ritchie; Paul Rietdyk; Mike Shannon; Tom Wooden; Andy Drake

OUR SUSTAINABILITY COMMITMENTS

Operate Safely, Reliably and Responsibly



Theopolis Holeman
group vice president, U.S. operations

“Throughout our operations, we are dedicated to maintaining reliable and safe facilities and protecting our employees and the communities where our assets are located. We work closely with local, state, provincial and federal agencies to ensure our facilities meet or exceed regulatory requirements for pipeline safety. Every employee assumes personal ownership for safety and the safety of others.”

Responsible, reliable and safe operations that meet all regulatory requirements are essential in our drive to create superior and sustainable value. We are committed to managing our operations in a way that protects the safety, security and health of our employees, our customers and the public.

Experienced and highly trained employees operate and maintain our pipelines and facilities using thoroughly tested internal procedures and standards, while adhering to strict regulations. We strive to be an industry leader in pipeline integrity and service reliability.

OUR APPROACH

In 2009, we developed a corporate-wide framework for managing risk in our operations and achieving operational excellence. The Operations Performance Assurance (OPA) framework encompasses safety, reliability, integrity, compliance and environmental impact.

The OPA framework comprises six elements, each of which contains a set of clearly defined expectations: governance, compliance requirements, risk assessment, operational controls, measurement and audit, and learning and management review. When fully implemented in 2011, the OPA framework will create a higher level of consistency in standards and practices across our organization and build on lessons learned from industry experiences.

SAFETY

Safety is the top priority for Spectra Energy. Our vision is that all Spectra Energy employees and contractors will demonstrate personal commitment to continuous safety improvement, resulting in a zero-injury and zero-work-related illness culture. In 2009, we fell short of that aspiration. We were saddened by two safety-related deaths – an employee of Spectra Energy and an employee of our non-operated joint venture, DCP Midstream. In addition, we did not achieve our goal of improved safety performance in all of our businesses.

Our injury rate performance among employees, measured as total recordable injury frequency rate, diminished from 2008 to 2009. However, our employee lost workday case frequency performance improved slightly, and contractor safety performance improved, reflecting our increased focus in this area.

Our approach emphasizes the importance of management leadership and participation, and personal ownership of safety. In 2008



Spectra Energy's Gas Control specialists provide real-time monitoring and operation of our pipelines and related facilities to ensure our systems handle natural gas safely, efficiently and economically.

and 2009, our senior leaders conducted safety tours across the company, and we are using our employee survey feedback about safety as a basis for action in 2010.

Each of our businesses provides contractor safety management programs. Our SAFE3 Contractor Safety Management Program focuses on hiring "safety capable" contractors, identifying and mitigating risks, oversight, and post-job evaluations. Twenty-four U.S.-based construction companies received SAFE3 training in 2009. Since SAFE3's development and implementation three years ago, we have achieved a significant reduction in U.S. contractor injuries.

ASSET INTEGRITY

We actively manage the integrity of our assets in order to protect our employees and the public, and to ensure the reliable delivery of natural gas to our customers. Our leadership and commitment to pipeline integrity has earned us industry-wide respect and credibility.

Our well-established Integrity Management Program, one of the key components we are rolling into our OPA framework, includes systematic management and maintenance practices, such as sophisticated inspection devices and aerial pipeline patrols, designed to mitigate threats to our facilities.

RELIABILITY

Customers rely on us to provide uninterrupted transportation of natural gas, so our facilities and equipment must be properly maintained and monitored.

We track measures of reliability specific to each of our three businesses. In our Western Canada Transmission and Processing business, we track loss-of-service incidents. In 2009, we achieved system reliability of 98.9 percent for this business.

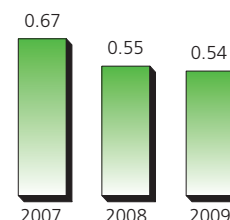
While our reliability and safety records have been good, we continue to review our procedures and evaluate our facilities, looking for opportunities to improve. By using root-cause failure analysis and implementing risk-based maintenance prioritization, we are further strengthening these critical areas.

EMERGENCY PREPAREDNESS

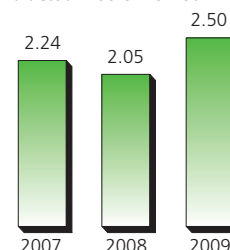
We maintain emergency preparedness through our Integrated Preparedness Program. This program trains employees on how to restore essential business operations in the case of natural disasters or other crises.

We conduct desktop training and regular drills to ensure response readiness to various scenarios. In 2008, we successfully responded during two hurricanes, Gustav and Ike, which affected Louisiana and Texas. Our readiness enabled us to minimize storm-related disruptions to our customers and quickly return to normal operations.

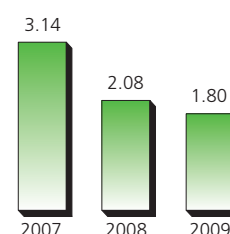
Employee Lost Workday Frequency (Number of lost workdays x 200,000 hours) / actual hours worked



Employee Total Incident Frequency (Number of injuries x 200,000 hours) / actual hours worked



Contractor Total Incident Frequency (Number of injuries x 200,000 hours) / actual hours worked



2.9 MILLION

TONNES OF CO₂e AVOIDED OR REDUCED

Approximately 2.9 million tonnes of cumulative carbon dioxide equivalent (CO₂e) emissions were avoided or reduced from 2007–2009 by operating seven carbon capture and storage facilities, providing demand-side management programs, and focusing on operational efficiencies.



Members of our Environmental, Health and Safety team, pictured left to right: Jerry Smith; Kevin Swaile; David Felcman; Kim Jackson

OUR SUSTAINABILITY COMMITMENTS

Protect the Environment



Greg Bilinski
vice president, environmental, health and safety

"We balance our business growth objectives with a determination to minimize the environmental impact of our operations. In our efforts to be strong environmental stewards, we have developed a comprehensive environmental, health and safety management system that helps us control the environmental impacts of our operations from project development to facility decommissioning."

We have committed to be responsible environmental stewards while striving to help meet North America's increasing demand for clean-burning natural gas. Our challenge is to grow the business while minimizing the environmental impact of our operations.

OUR APPROACH

Our environmental strategy focuses on meeting or exceeding the compliance requirements of applicable laws and regulations. In 2009, we expanded our Environmental, Health & Safety (EHS) policy to hold all contractors and suppliers accountable for meeting EHS requirements.

In 2009, we also established an environmental framework to consolidate our strategies for managing environmental risks and impacts across our operations. Our efforts to assess and minimize our impacts include implementing our Environmental Performance and Safety System for recording and tracking EHS data, creating tools to enable organization-wide learning from environmental incidents, and improving the scope and accuracy of environmental performance indicators. Values of performance indicators varied over the last two years, reflecting the addition of new facilities, fluctuation of throughput rates and improved data quality. In 2010, we will examine the use of emissions intensity metrics to further assess trends.

LAND STEWARDSHIP

Access to land for facilities and pipeline rights of way is a key business priority for us, and we recognize that certain areas are biologically or culturally sensitive. We closely consult with stakeholders and limit the impact of our facilities and pipelines on these areas. Before proposing pipeline routes and facility locations, we conduct risk assessments to identify sensitive areas and biodiversity issues, including protected species and habitats. We avoid these areas where practical and mitigate our impact by restoring pipeline rights of way and implementing the recommendations of environmental and social impact assessments and permitting agencies. We also support conservation efforts in the larger community.

CHAMPIONING ENERGY EFFICIENCY

We focus on reducing our energy use and associated greenhouse gas (GHG) emissions and we offer energy conservation assistance to our customers.

In 2009, Union Gas opened its second and third new customer service centers built to Leadership in Energy and Environmental

Union Gas' Dawn storage hub in southwestern Ontario is the largest natural gas storage facility in Canada and a major natural gas trading hub. Efforts to minimize the environmental impacts of our operations result in the compatible co-existence of agriculture, residential communities, green space and other local needs with facilities like our Dawn underground storage pool.



Design (LEED) Gold standards, reducing our energy usage and demonstrating energy-efficient design for our customers.

In our pipeline operations, we are installing efficient, lower-emission compressor drives and using operating procedures that allow us to test our emergency shutdown systems without significant gas releases. As a result of our focus on improving operating efficiency and reducing methane emissions, the U.S. Environmental Protection Agency named us its Natural Gas STAR Program's 2009 Transmission Partner of the Year.

Union Gas' Demand-Side Management programs achieved \$345 million in total resource cost savings (avoided use of natural gas and electricity) for our customers in 2009. Since 1997, Union Gas has helped customers save an estimated \$1.4 billion through energy saving initiatives, including 712 million cubic meters of natural gas and 1.3 million tonnes of CO₂ emissions – the equivalent of taking more than 240,000 cars off North American roads.

OUR PERSPECTIVE ON CLIMATE CHANGE

Natural gas is significantly less carbon-intensive than other fossil fuels; it is a critical part of the solution for fueling our economies now and in the future. Our commitment to environmental responsibility includes working to reduce our carbon footprint and taking a lead role in helping our customers manage

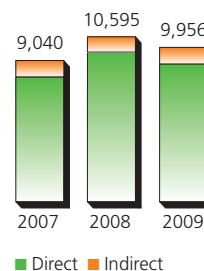
energy efficiently. Simply stated, our role is to develop infrastructure to provide natural gas as a clean-burning energy source; operate our facilities safely, reliably and efficiently; enhance the energy services we provide to our customers that increase efficiency and/or reduce GHG emissions; and take an active and constructive role in climate change policy development.

In 2009, we committed to evaluate the feasibility of adopting quantitative goals for reducing total GHG emissions. We determined that through existing programs, our three businesses were on track to keep reducing and avoiding GHG emissions. We are evaluating methods to improve how we factor the cost of carbon into our engineering and construction design processes.

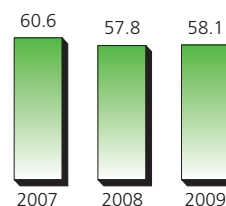
CARBON CAPTURE AND STORAGE

Carbon capture and storage (CCS) involves capturing CO₂ at the source and injecting it into deep geological formations for permanent storage. We have been recognized as a world leader by the UN Intergovernmental Panel on Climate Change, largely because of existing CCS infrastructure at seven of our western Canada processing facilities that have stored over 1.1 million tonnes of CO₂ throughout their operating history. We are currently assessing the feasibility of developing a world-scale CCS project in Fort Nelson, British Columbia.

Total Greenhouse Gas (GHG) Emissions – CO₂ Equivalent (CO₂e) Thousand CO₂e Tonnes



Total Criteria Air Emissions Thousand Tonnes



Includes Volatile Organic Compounds (VOC), Carbon Monoxide (CO), Sulfur Dioxide (SO_x) and Nitrogen Oxides (NO_x)

79

The Employer of Choice index provides an overall measure of our employees' view of our company as an engaging place to work. In our 2009 employee survey, our Employer of Choice index score was 79 percent favorable, which is seven points higher than benchmarked North American energy companies.



Pictured left to right: Rhett Wendeln – *engineering*; Ritu Talwar – *strategic development*; Nancy Suzuki – *operations*; Erika Young – *business development*; Don Thompson – *operations*

OUR SUSTAINABILITY COMMITMENTS

Value and Energize Our People



Jim Pruett
*group vice president,
human resources and support services*

"Our company is committed to being a high-performance organization, one that provides growth and development opportunities for our employees and values the diverse talents and strengths they contribute. Our goal is to be employer of choice, and the feedback we received from our 2009 employee survey indicates that our people are highly engaged and committed."

We are creating a high-performance environment in which we continue to build a talented workforce with the competencies needed to execute our business strategy. Our goal is to attract and retain employees by offering an environment of openness and trust built on shared purpose and common values, balancing our business objectives with employees' career and personal goals. Our workforce process is designed to address employees' competencies and needs throughout their careers.

We value employee feedback and use it to drive decision-making for the organization. Our redesigned and combined employee safety and engagement survey, conducted in 2009, has been an important tool in this process. The survey showed that we are on the right track in most areas.

We still face challenges: a workforce demographic that includes a large number of retirement-eligible employees with fewer mid-career workers available to succeed them; achieving work-life flexibility at all levels; and a need to deepen our diversity and inclusion approach so that it is woven throughout our business. These challenges are considered as we formulate business plans and strategies.

WORKFORCE PLANNING AND RECRUITMENT

We take a strategic approach to workforce planning. We assess the basic skills, knowledge and competencies needed within

each business unit and map those needs against the talents available internally and externally. To attract the people we need, we combine targeted recruiting efforts with outreach programs.

Our benefits are flexible to meet employees' varied needs. We offer competitive compensation packages and regularly evaluate base salaries. Employee compensation includes incentive pay for achieving objectives that include environmental, operational, economic and other performance metrics.

EMPLOYEE AND LEADERSHIP DEVELOPMENT

We offer ongoing programs to help employees develop the skills, behaviors and competencies necessary for organizational success and employee career advancement. We do this through mentoring, skills and leadership development, and work rotation. Through our performance management process, we identify strengths and needs



of individual employees, and tailor action plans and progression paths.

Managers and their direct reports collaboratively design personal development plans, and monitor competency development and performance. Our learning systems track individual development needs and include more than 3,600 self-study, web-based and instructor-led courses. In 2009, we began to accelerate development programs to support leadership succession.

ENGAGING OUR EMPLOYEES

Employee engagement is a valuable indicator of how our employees feel about the way our company values and supports them. In our 2009 employee survey, our employees indicated that key drivers of their engagement are our corporate commitment to integrity, social responsibility and well-being, and their being empowered to make decisions and perform worthwhile work.

We are committed to open and honest engagement with employees. We place a priority on face-to-face communication, supplemented by video and Web technology to reach the widest range of employees.

KNOWLEDGE SHARING

Knowledge sharing is a key to institutionalizing our existing competencies and developing new ones. This is a two-way process, as tenured employees share their experience

and new employees share their knowledge of emerging trends and technologies. We are formalizing our process to ensure that critical competencies, skills and behaviors are transferred and shared in the organization.

VALUING DIVERSITY AND INCLUSION

We recognize the value a diverse, inclusive workforce can bring to our business. We strive to reflect the diversity of the communities where we operate. Diversity is integrated into our policies and practices.

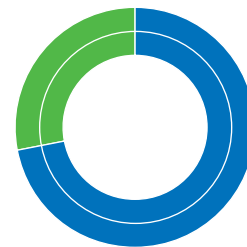
Each business unit develops diversity strategies appropriate for its local market. Our approach encompasses leadership accountability, outreach to diverse groups, diversity education for our employees and community partners, and support and development of employees with diverse backgrounds and needs.

HEALTH, SAFETY AND WELL-BEING

We encourage health, safety and well-being by promoting work-life flexibility and healthy lifestyles. We emphasize employee safety through safety-focused events, awareness drives, leadership communications, incident reporting and assessment.

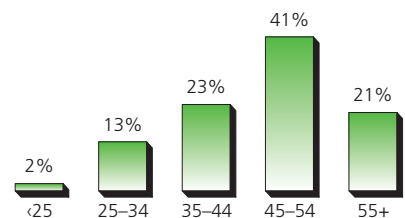
Our health and wellness support efforts include smoke-free work environments, health and well-being programs in many of our offices and an Employee Assistance Program.

Workforce by Gender



■ Male // 72%
■ Female // 28%

Workforce Age Demographic Percent



28,000

VOLUNTEER HOURS

The spirit of volunteerism is strong in Spectra Energy. Our employees logged 28,000 hours on volunteer community projects in 2009.



Pictured, left to right: Ron Johnson – *engineering services*; Gordon Williams – *operations*; Paul Grosskopf – *engineering and construction*; Andrea Grover – *stakeholder outreach*; Danny Gibbs – *engineering services*

OUR SUSTAINABILITY COMMITMENTS

Support and Engage Our Communities



Regan Kasman
manager, community relations

"We believe in giving back to the communities where our employees live and work. This means responding to community needs through strategic giving, volunteerism, matching gifts and United Way. One of our most valuable resources is our people who give their time to help others throughout the year and especially during the company-wide Helping Hands in Action effort, our hallmark volunteer program."

We are privileged to be part of the fabric of numerous communities across North America. As a company that fully embraces responsible stewardship, we enthusiastically support employee volunteerism and provide charitable contributions that are strategically chosen to offer the greatest sustainable benefits to the communities where we work and live. Our business is to deliver cost-efficient, clean-burning natural gas to fuel economies, and we are committed to enriching the quality of life in the communities where we operate and live.

We made measurable progress in 2009 in our efforts to support and sustain our communities, and have formed action plans taking us into 2010 and beyond. Our focus will continue to be on investing in education, workforce development, community vitality, and employee support and volunteerism.

LOCAL ECONOMIC DEVELOPMENT

We play a significant role in local economic development by providing access to natural gas that supplies vital energy needed for growth. We also contribute to local economic health through the jobs we provide, the goods and services we purchase, and the taxes we pay.

During 2009, we paid \$782 million in employee wages and benefits, and we were able to grow our workforce with no layoffs in a challenging economy. Our financial impact on local economies has been significant. We paid \$870 million in taxes to local, state, provincial and federal governments, and pur-

chased \$60 million of goods and services from our diverse suppliers. We also work to expand the capacity of our vendors through programs such as contractor safety programs.

COMMUNITY STEWARDSHIP

For Spectra Energy, community stewardship means being economically, environmentally and socially responsible in the communities we serve across all of our businesses. We work closely with stakeholders in areas affected by our projects; we also strive to create mutually beneficial relationships with communities such as the Aboriginal people in Canada. We foster long-term relationships built on trust and respect.

Spectra Energy has formal processes in place to assess and monitor the environmental and social impact of our operations in accordance with government regulations. Our stakeholder outreach group focuses on engaging with the communities affected by our projects and ongoing operations. We emphasize



As part of our Helping Hands in Action, Spectra Energy's concentrated annual period of volunteerism across our system, Union Gas employees and family members planted trees in several community areas in 2009, including this park in Chatham, Ontario.

early engagement with local stakeholders, tailored to local needs and issues.

In 2010, we will build on the role of our employees as ambassadors by creating a more formalized program that enhances our employees' ability to represent Spectra Energy, and their ability to discuss the benefits of natural gas with our stakeholders.

We value our relationship with the Aboriginal people in our operating areas and respect the land rights granted them by the Canadian constitution. We recognize their unique cultural and historical characteristics and strive to create mutually beneficial relationships with Aboriginal groups, businesses and communities. We support the economic development of Aboriginal people through local contracts, scholarships and skills development programs, and leadership development programs.

STRATEGIC GIVING

In 2009, Spectra Energy gave back more than \$7.5 million to the communities where we live and work through our philanthropic programs. In addition to making financial contributions, supporting communities means giving of our time and talent.

Through 2009, our philanthropy has been focused on: *educational attainment*, to encourage the study of math, science and technology for at-risk students; *competitive*

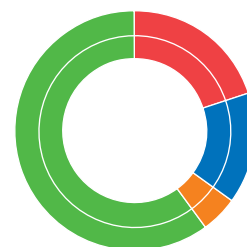
workforce, our investment in the universities where we recruit; and *community vitality*, to contribute to healthy, successful communities. Our program promotes regional flexibility consistent with our focus areas.

We support the generosity of our employees and retirees of both time and money to benefit their communities. Our dollar-for-dollar United Way match has made us a \$1 million donor to both the United Way of Greater Houston and the United Way across Canada. We are the largest single donor in the Municipality of Chatham-Kent, home to Union Gas' headquarters. We also match dollar-for-dollar contributions by our employees to eligible charitable organizations, increasing our limit from \$5,000 to \$7,500 per employee in 2010.

In 2009, our employees contributed 28,000 volunteer hours to our communities. We support our employee volunteers with grants to purchase supplies, and recognize employees engaged in the leadership of non-profit organizations. We also offer a merit-based college scholarship program to the children of eligible employees and retirees.

In 2009, we evaluated and revised our approach to corporate philanthropy. As a result, we refined our strategic objectives and decision criteria, and developed indicators for measuring performance in our community relations and corporate philanthropy in 2010 and beyond.

Spectra Energy Foundation Giving 2009



- Employee Programs // 20%
- Educational Attainment // 15%
- Competitive Workforce // 5%
- Community Vitality // 60%

2009 Community Impact by the Numbers (Dollars in millions)

\$ 782	Wages and benefits paid
\$ 870	Taxes paid
\$ 60	Supplier diversity spend

Philanthropic Giving

\$5.5	Spectra Energy philanthropic giving
\$1.4	Employee- and retiree-matched giving
\$0.6	Employee volunteerism and in-kind
\$7.5	Total philanthropic giving

Data Tables

2009 HEALTH AND SAFETY PERFORMANCE DATA¹

	Spectra Energy	By Business Unit			By Country	
		Western Gas Transmission and Processing	U.S. Transmission	Union Gas	Canada	U.S.
Hours Worked	10,009,030	2,005,995	3,999,309	4,003,726	6,009,721	3,999,309
Work Ratio (% of Employee Hours)	100%	20%	40%	40%	60%	40%
Fatalities	1	0	0	1	1	0
Employee Lost Workday Frequency ²	0.54	0.60	0.20	0.85	0.77	0.20
Employee Total Incident Frequency ³	2.50	1.30	1.85	3.75	2.93	1.85
Contractor Total Incident Frequency ³	1.80	1.22	1.74	4.54	1.97	1.74
Employee Vehicle Incident Frequency ⁴	3.86	4.76	3.22	4.55	4.62	3.22

¹ Includes Spectra Energy operated assets only.

² Employee LWCR (Lost Workday Frequency) = No. of Lost Workday Cases multiplied by 200,000 hours and divided by actual hours worked.

³ Employee/Contractor TICR (Total Incident Frequency) = No. of injuries multiplied by 200,000 hours and divided by actual hours worked.

⁴ Employee VICR (Vehicle Incident Frequency) = No. of vehicle accidents multiplied by 1,000,000 miles and divided by actual miles driven.

2009 SPECTRA ENERGY WORKFORCE STATISTICS REPORT¹

	Spectra Energy	By Business Unit			By Country	
		Western Gas Transmission and Processing	U.S. Transmission	Union Gas	Canada	U.S.
Total Employees	5,223	1,062	1,994	2,167	3,229	1,994
Bargaining Unit Employees	1,372	491	0	881	1,372	0
Bargaining Unit Employee Percentages	26%	46%	0%	41%	42%	0%
Total Females	1,464	223	455	786	1,009	455
Females as a percentage of total	28%	21%	23%	36%	31%	23%
Females as a percentage of professional	n/a	n/a	36%	n/a	n/a	36%
Females as a percentage of management	23%	15%	23%	28%	24%	23%
Total Minorities ²	n/a	n/a	393	n/a	n/a	393
Minorities as a percentage of total ³	n/a	n/a	20%	n/a	n/a	20%
Minorities as a percentage of professional	n/a	n/a	32%	n/a	n/a	32%
Minorities as a percentage of management	n/a	n/a	17%	n/a	n/a	17%
Voluntary Turnover Rate	2.4%	4.2%	1.8%	2.2%	2.8%	1.8%

¹ Includes Spectra Energy operated assets only.

² Ethnic Diversity data is not captured in Canada due to privacy regulations.

³ Union Gas turnover rate includes Maritimes and Northeast employees located in Canada.

n/a = not available

2009 ENVIRONMENTAL PERFORMANCE DATA¹

	Spectra Energy	By Business Unit			By Country	
		Western Gas Transmission and Processing	U.S. Transmission	Union Gas	Canada	U.S.
Greenhouse Gas (GHG) Emissions Thousand Tonnes CO ₂ e						
Carbon Dioxide (CO ₂)	7,221	4,650	2,302	269	4,919	2,302
Methane (CH ₄)	1,672	286	929	457	743	929
Nitrous Oxide (N ₂ O)	22	19	1	2	21	1
Total Direct GHG Emissions	8,915	4,955	3,232	728	5,683	3,232
Indirect GHG Emissions	1,041	130	904	7	137	904
Total Direct and Indirect GHG Emissions	9,956	5,085	4,136	735	5,820	4,136
Energy Consumption Thousand MWh						
Electricity Use	1,711	294	1,386	31	325	1,386
Criteria Air Emissions Thousand Tonnes						
NOx Emissions	25.5	10.4	14.1	1.0	11.4	14.1
SOx Emissions	20.6	20.6	0.0	0.0	20.6	0.0
Carbon Monoxide (CO)	9.7	4.4	5.0	0.3	4.7	5.0
Volatile Organic Compounds (VOC)	2.3	1.5	0.6	0.2	1.7	0.6
Total Criteria Air Pollutant Emissions	58.1	36.9	19.7	1.5	38.4	19.7
Waste Generation Thousand Tonnes						
Hazardous Waste	3.1	2.3	0.5	0.3	2.6	0.5
Non-hazardous Waste	16.6	11.9	4.0	0.7	12.6	4.0
Spills (Frequency)	29	20	8	1	21	8
NOVs	10	0	10	0	0	10
Fines ²	\$79,500	\$0	\$79,500	\$0	\$0	\$79,500

¹ Environmental data is reported on operational control basis, except for indirect emissions.

² Not all NOVs have been reviewed for possible fines at time of reporting.

Awards and Recognition

Dow Jones Sustainability North America Index

Spectra Energy has again been named to the Dow Jones Sustainability Index for North America (DJSI NA) for the second year in a row. The DJSI NA lists North America’s leading, sustainability-driven companies based on a measurement of overall financial, environmental and social performance.

Carbon Disclosure Leadership Index

For the second consecutive year, we have been included in the U.S. S&P 500 Carbon Disclosure Leadership Index (CDLI), published by the Carbon Disclosure Project for carbon-intensive industries. We were recognized as the top energy company on the CDLI in 2009. Companies selected for the CDLI have demonstrated superior transparency and accountability by publicly disclosing detailed climate change strategies.

Natural Gas STAR Program Transmission Partner of the Year

Spectra Energy, for a third time, has been named Natural Gas STAR Program Transmission Partner of the Year (2009) by the U.S. Environmental Protection Agency. This award recognizes our company for making significant strides in the development and implementation of cost-cutting technologies to reduce greenhouse gases within our U.S. operations.

Corporate Equality Index

The Human Rights Campaign released the 2010 edition of the Corporate Equality Index (CEI) and Spectra Energy was included as a first-time participant with a rating of 80 percent. The 2010 CEI rates businesses on a scale from 0 to 100 percent based on their non-discrimination policies, benefits and other practices that affect lesbian, gay, bisexual and transgender employees.

Global Reporting Initiative

The Global Reporting Initiative (GRI) is an internationally accepted framework for reporting on an organization’s economic, environmental and social performance. It is intended for use by organizations of any size, regardless of geographic location or purpose.

Our Sustainability Report is not organized according to the GRI list of approximately 120 indicators, but addresses many of the indicator topics. We provide a detailed response to all of the GRI indicators on our Web site at spectraenergy.com.

With this report and our online information, we believe we meet GRI Guidelines Application Level B.

DESCRIPTION	WHERE REPORTED
Standard Disclosures	Inside Front Cover, 1–9, 24
Economic Indicators	2–3, 10–11, 20–21
Environmental Indicators	16–17, 23
Product Responsibility Indicators	5, 14–15, 23
Labor Practices and Decent Work Indicators	18–19, 22
Human Rights Indicators	Please see our detailed index at spectraenergy.com
Society Indicators	10–11, 18–22

Our Charter

VISION

We are Spectra Energy, North America's premier natural gas infrastructure company.

PURPOSE

We will create superior and sustainable value for our investors, customers, employees and communities by providing natural gas gathering, processing, transmission, storage and distribution services.

WE VALUE:

- Stewardship – Demonstrating a commitment to environmental responsibility and vibrant communities
- Integrity – Ethically and honestly doing what we say we will do
- Respect for the Individual – Embracing diversity and inclusion, enhanced by openness, sharing, trust, leadership, teamwork and involvement
- Safety – Sharing a relentless commitment to a zero work-related injury and illness culture
- High Performance – Accountability, achieving superior business results and stretching our capabilities
- Win-Win Relationships – Having relationships which focus on the creation of value for all parties
- Initiative – Having the courage, creativity and discipline to lead change and shape the future

WE KNOW WE ARE SUCCESSFUL WHEN WE ARE THE:

- Supplier of choice for our customers
- Employer of choice for individuals
- Advisor of choice on policy and regulation for governments and regulators
- Partner of choice for our communities
- Investment opportunity of choice for investors

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions. These forward-looking statements are identified by terms and phrases such as: anticipate, believe, intend, estimate, expect, continue, should, could, may, plan, project, predict, will, potential, forecast and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to:

- state, federal and foreign legislative and regulatory initiatives that affect cost and investment recovery, have an effect on rate structure, and affect the speed at and degree to which competition enters the natural gas industries;
- outcomes of litigation and regulatory investigations, proceedings or inquiries;
- weather and other natural phenomena, including the economic, operational and other effects of hurricanes and storms;
- the timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates;
- general economic conditions, which can affect the long-term demand for natural gas and related services;
- potential effects arising from terrorist attacks and any consequential or other hostilities;
- changes in environmental, safety and other laws and regulations;
- results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings and general market and economic conditions;
- increases in the cost of goods and services required to complete capital projects;
- declines in the market prices of equity and debt securities and resulting funding requirements for defined benefit pension plans;
- growth in opportunities, including the timing and success of efforts to develop U.S. and Canadian pipeline, storage, gathering, processing and other infrastructure projects and the effects of competition;
- the performance of natural gas transmission and storage, distribution, and gathering and processing facilities;
- the extent of success in connecting natural gas supplies to gathering, processing and transmission systems and in connecting to expanding gas markets;
- the effects of accounting pronouncements issued periodically by accounting standard-setting bodies;
- conditions of the capital markets during the periods covered by the forward-looking statements; and
- the ability to successfully complete merger, acquisition or divestiture plans; regulatory or other limitations imposed as a result of a merger, acquisition or divestiture; and the success of the business following a merger, acquisition or divestiture.

In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than Spectra Energy Corp has described. Spectra Energy Corp undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



Spectra Energy
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www.spectraenergy.com

Printed on 100% post-consumer
recycled paper

12,170 lbs

Wood preserved for the future

17,771 gallons

Wastewater flow saved

13,000,000 Btus

Energy not consumed

3,689 lbs

Emissions prevented

1,078 lbs

Solid waste not generated

Source: Neenah Paper

