




What's New. What's Now. What's Next.



2013 ANNUAL REPORT

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On the Cover: Spectra Energy entered the expanding crude oil transportation business in 2013, with the acquisition of the Express-Platte Pipeline System, which moves crude oil from Western Canada to U.S. markets in the Rockies and Midwest.

Spectra Energy Corp (NYSE: SE), a FORTUNE 500 company, is one of North America's leading pipeline and midstream companies. Based in Houston, Texas, the company's operations in the United States and Canada include more than 22,000 miles of natural gas, natural gas liquids, and crude oil pipelines; approximately 305 billion cubic feet (Bcf) of natural gas storage; 4.8 million barrels of crude oil storage; as well as natural gas gathering, processing, and local distribution operations. Spectra Energy is the general partner of Spectra Energy Partners (NYSE: SEP), one of the largest pipeline master limited partnerships in the United States and owner of the natural gas, liquids, and crude oil assets in Spectra Energy's U.S. portfolio. Spectra Energy also has a 50 percent ownership in DCP Midstream, the largest producer of natural gas liquids and the largest natural gas processor in the United States. Spectra Energy has served North American customers and communities for more than a century. The company's longstanding values are recognized through its inclusion in the Dow Jones Sustainability World and North America Indexes and the CDP Global 500 and S&P 500 Climate Disclosure and Performance Leadership Indexes. For more information, visit www.spectraenergy.com and www.spectraenergypartners.com.

A large, white industrial pipeline runs horizontally across the frame. The pipeline is supported by metal brackets. In the background, there are industrial buildings, utility poles, and a clear sky. A large blue rectangular overlay covers the lower half of the image, containing white text.

What's New. What's Now. What's Next.

There's plenty new at Spectra Energy: We've expanded beyond our natural gas business line to include crude oil and natural gas liquids transportation. We've successfully delivered a slate of new projects into service, including the important New Jersey-New York pipeline. We secured a number of strategic new projects, positioning us for the next phase of growth. We created one of the largest fee-based master limited partnerships in North America. And we rewarded investors with attractive returns enabled by strong, consistent performance.

Most importantly, what's new at Spectra Energy leads to what's *next* – a new wave of projects and performance on behalf of our many stakeholders. So while we're proud of all we achieved in 2013, we're looking ahead to what's next.

What's New. What's Now. What's Next.

To Our Shareholders:

When I speak with our stakeholders – investors, customers, community partners and policymakers – they always ask me: “What’s new?” They’re eager to know what’s happening at Spectra Energy, where we’re focused, and how well we’re performing. They’re also keen to know what the future holds, and their next line of questioning goes something like this: “What’s next? Where are you headed? How will you get there?”

So we’ve dedicated this report to addressing what’s new at Spectra Energy ... what’s happening now ... and what’s next. There’s plenty to say about each, because 2013 was an enormously productive and transformative year. And like our pipeline systems that span North America, our past, present and future are connected. The work we do every day builds upon a firm foundation – and is inspired by our vision of being North America’s “company of choice” in the pipeline and midstream sector.

We are well on our way. All of our efforts last year were focused on growing today and for the longer term, serving customers and communities, and creating value for our investors. And we delivered a year with record achievements.

The numbers behind what’s new, what’s now, what’s next

We hit or exceeded our numbers – not just the financial targets detailed in the pages of this report, but also the growth markers we’ve been striving toward.

We placed **\$6 billion** of capital into service during the year through both expansion of our asset footprint and strategic acquisitions – a record achievement for Spectra Energy. Customers and markets are now benefiting from projects like the New Jersey-New York pipeline, which brings new natural gas supplies into New Jersey and New York City markets for the first time in 40 years ... the addition of 350 million cubic feet per day of gas processing capacity in Western Canada ... and the Sand Hills and Southern Hills natural gas liquids pipelines that provide vital transportation capacity from key liquids-producing regions. With the 2013-2014 winter season shaping up to be one of the coldest in decades, the new pipeline infrastructure we put into service last year could not have come at a better time for consumers.

We entered the crude oil sector in a big way with our acquisition of the Express-Platte pipeline system, one of only three major pipelines moving crude oil from Western Canada to refineries and markets in the U.S. Rockies and Midwest. We completed the transaction in March, and today our crude oil pipelines are operating at or near capacity, customers are coming to us, and the financial performance of our liquids segment is exceeding our expectations and set to more than double its financial contribution to our earnings over the next three years.



Gregory L. Ebel

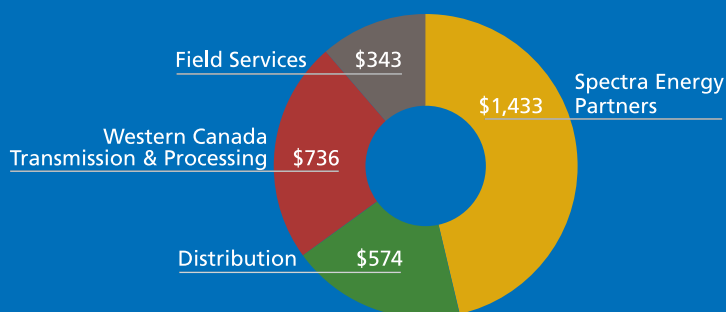
President and
Chief Executive Officer

Financial Highlights

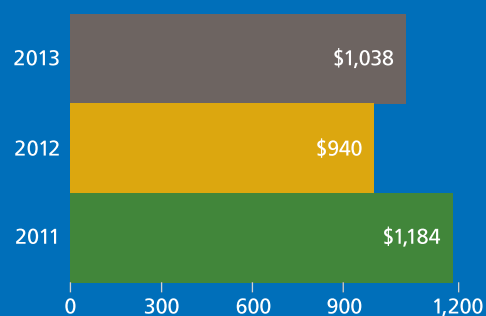
(In millions, except per share amounts and percentages)

	2013	2012	2011
Common Stock Data			
Earnings per share			
Basic	\$ 1.55	\$ 1.44	\$ 1.82
Diluted	\$ 1.55	\$ 1.43	\$ 1.81
Dividends per share	\$ 1.22	\$ 1.145	\$ 1.06
Shares outstanding			
Year-end	670	668	651
Weighted average – basic	669	653	650
Weighted average – diluted	671	656	653
Income Statement			
Operating revenues	\$ 5,518	\$ 5,075	\$ 5,351
Total reportable segment EBITDA	3,086	2,819	3,117
Net income – controlling interests	1,038	940	1,184
Balance Sheet			
Total assets	\$33,533	\$30,587	\$28,138
Total debt	14,717	12,833	11,723
Capitalization			
Common equity – controlling interests	34%	39%	39%
Common equity – noncontrolling interests and preferred stock	8%	5%	5%
Total debt	58%	56%	56%
Capital and Investment Expenditures, including Acquisitions	\$ 3,513	\$ 2,575	\$ 2,309

2013 EBITDA by Business Segment
in millions



Net Income - Controlling Interests
in millions



We secured **\$7 billion** of new projects last year – proving that there is plenty of “what’s next” in our outlook. Florida Power & Light selected Spectra Energy to build and operate Sabal Trail, a nearly 500-mile interstate pipeline to deliver critically needed natural gas into Florida. The Algonquin Incremental Market (AIM) project will increase the west-to-east capacity of our Algonquin pipeline system – and it is fully subscribed by virtually all of the major local distribution companies in New England. Early this year, we announced the Atlantic Bridge project, which expands the Algonquin and Maritimes & Northeast systems to serve the growing needs of New England states and Maritime provinces. We’re executing on four projects that will move gas south on our Texas Eastern system. And in Ontario, we’re expanding our Dawn-Parkway transmission and storage system to enable customers to contract for more cost-effective and reliable new supplies at our Dawn storage hub and move natural gas to downstream eastern markets.

Another noteworthy number is the **\$20 billion** enterprise value of our reconfigured Spectra Energy Partners – now the leading fee-based master limited partnership (MLP) in the U.S. Given the opportunities on our horizon, we aligned our structure with our momentum in 2013 by completing a dropdown of substantially all of our remaining U.S. transmission, storage and liquids assets to Spectra Energy Partners. Spectra Energy’s control and ownership of one of the largest fee-based MLPs in North America provides the scale and financial flexibility to execute on our growth projects and pursue new opportunities – all while delivering accelerated dividend and distribution growth for our investors.

And we’re raising the bar on a number you’ve heard us talk about – the \$25 billion in capital expansion we committed to achieve by the decade’s close. With the very successful execution of our plans in 2013, we’re already more than halfway there. And, thanks to strong oil and gas fundamentals, and our successful pursuit of projects and prospects, we have many more growth opportunities ahead: ongoing growth in our core U.S. transmission businesses; our new liquids segment; Western Canadian gathering and processing; infrastructure needed to support the export of liquefied natural gas from the Gulf Coast and British Columbia, Canada; and organic expansion at Union Gas. So today we anticipate achieving about **\$35 billion** in capital expansion by the end of the decade – growth that translates into strong and enduring investor value.

Here’s another important number – and the foundation for our success: the **5,800 employees** working on your behalf. In every business and every function, our team is passionate, persistent and high performing. Not only do they drive our business success, they also enhance the communities we serve through spirited engagement and giving. And while the scope of work before us has grown, we’ve built a culture of accountability for outcomes. We’ve managed to resist many of the bumps that can occur with rapid growth, and we are continually refining our processes and structure. We’re moving forward with competitive speed, resolve and discipline.

Constants you can count on

Navigating today’s changing energy landscape demands flexibility, responsiveness and astute timing. It’s the Goldilocks dilemma – knowing when a move is too fast, too slow or just right. Spectra Energy got it right in 2013. We expanded our business lines to include crude oil and natural gas liquids transportation at just the right time. We’ve successfully delivered a slate of new projects into service – right on time to serve growing demand. We created one of the largest fee-based MLPs in the nation. We rewarded investors with growing value.



*Express-Platte
pipeline system in
Casper, Wyoming*

Change is constant. So is our commitment to ongoing value creation – and to the ongoing values that allow us to constantly adapt and lead the way on behalf of our shareholders.

We understand the enormous responsibility that accompanies our role in gathering, processing, transporting and storing energy. Our approach to engaging stakeholders over the course of project development and operations is recognized by peers and regulators as an industry model. We strive to improve and uplift every community we serve by working in a safe and sustainable manner, and our employees regularly demonstrate care and community commitment through their investment of volunteer time, talent and philanthropic giving.

We're pleased with our record of operating our assets reliably and safely. But we can do better when it comes to our performance regarding employee and contractor personal safety. Injury rates rose in 2013, primarily due to preventable accidents like sprains, strains, slips and falls. While some of these incidents may seem minor, we take them very seriously. We investigate every safety event to determine what happened and how to best prevent reoccurrence. We have launched an initiative to dig deeper, taking a closer, more critical look at our own processes and culture, as well as those of other successful companies and industries. Our ongoing financial success will be enhanced by the progress we make in lowering the injury and incident rates of our employees and contractors.

I invite you to visit our website to view our sustainability report, which details Spectra Energy's performance on the connected goals of environmental integrity, economic value and social responsibility. More importantly, I hope you see that commitment reflected in our actions and performance every day.

Our strong and repeat showing on important metrics like the Dow Jones Sustainability Indexes, the CDP Indexes and the Ethisphere Institute's annual list of the World's Most Ethical Companies is both gratifying and motivating. We believe a company's ability to "do well" is only fortified by its ability to "do good" – and we continue to strive to do both.

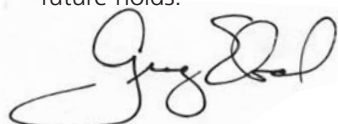
While change is good and leads to new opportunities, it can also be accompanied by mixed emotions. This year we say farewell to two long-standing leaders in our boardroom. Bill Esrey, our chairman for the last five years, will retire at our upcoming shareholder meeting, after serving our board – and those of our predecessor companies – for nearly 30 years. Dennis Hendrix will also retire this year, having served with distinction both as a director and as an executive for many years.

I will miss the counsel that both have provided the board and their rock-solid commitment to good governance and management accountability for shareholders. Fortunately, in 2013 we welcomed two excellent new directors to fill the void that Bill's and Dennis's pending retirements create. Michael Morris and Clarence Cazalot bring great management expertise, board governance depth and deep energy industry knowledge that will serve our investors, the board and management for years to come. I also wish to extend my gratitude to two of our longest serving executives, John Arensdorf and Alan Harris, who have indicated their intention to retire this year. Both these men contributed significantly to our company's growth and success.

Spectra Energy is in a great place today, but we're always looking ahead to what's next. That means we will deliver the \$7 billion of expansion projects we have secured in the pipeline today ... fill the pipeline further by finalizing contracts for attractive new projects that expand our portfolio ... and create sustainable value. Your company is both strong and agile. You're going to see us move decisively on a range of opportunities: from greenfield and brownfield expansions into new and existing demand markets; to new lines of complementary businesses close to our core; to acquisitions and financial structuring options that make strategic sense and benefit our investors.

I'll conclude by sharing just a few more numbers with you. In 2013 we delivered ongoing earnings per share of \$1.64 – nearly 15 percent higher than in 2012 and 9 percent above our target for the year. We're growing dividends at Spectra Energy by approximately 10 percent – and we intend to maintain that level of growth over the next several years. Spectra Energy investors benefited from a healthy total shareholder return of 35 percent, which exceeded both the S&P 500 and Dow Jones Industrial Average returns for 2013. We've doubled the enterprise value of your company in just five years. And we are confident that we'll double it yet again over the next half decade by applying the same resolve, dedication and commitment to deliver value for you, our investors.

I hope you'll agree that there has never been a better time to invest in Spectra Energy, and I hope you're as excited as I am about what the future holds.



Gregory L. Ebel, President and Chief Executive Officer



Gary Weilinger volunteers with Brown Bagging for Calgary's Kids to make nourishing lunches for local school children who might otherwise go without.



Scan to view
video address

Dear Fellow Investors:

As investors, we all want to know what our company has done for us lately. We also want to know that our investment resides with a company intently focused on the future – and prepared to lead and excel in evolving market dynamics.

Spectra Energy is doing well on both fronts. The company delivered exceptionally strong results in 2013 – and record value for you, our investors.

But the impressive financial and operational performance for the year is only part of the 2013 story. The bigger picture, from my perspective, includes bold step-out moves by your company to drive continued growth ... seize new and emerging opportunities ... efficiently fund expansion ... and create increasing value over the long run.

In 2013, we optimized Spectra Energy's master limited partnership structure, ventured successfully into the attractive crude oil sector, grew our presence in the liquids segment, and gained scale and scope across the enterprise.


Spectra Energy's approach to investing in growth and focused diversification is sound. Your board is regularly and thoroughly briefed on the company's long-term strategy, and we have great confidence in the course the company is taking. We continually assess markets, macro-fundamentals, the competitive landscape and emerging opportunities.

The enviable position of our assets and businesses across North America provides a strategic foundation for growth. We are able to grow organically, by building onto stalwart systems like Texas Eastern, Algonquin, BC Pipeline and East Tennessee. We also expand through the thoughtful acquisition of aligned and attractive assets and businesses. You saw that last year with the purchase of the Express-Platte pipeline system – a transaction that was big, bold, immediately accretive and in the long-term best interests of investors. You've seen us make similar value-enhancing acquisitions in the past, and we're prepared to move quickly on future opportunities that complement our core.

Spectra Energy's commitment to responsible performance extends well beyond how we grow and where we go. It is reflected in the trust we build with stakeholders; our dedication to stewardship and safety; our ethical actions and decision-making; and our culture of diversity and inclusion.

We strive to lead in the essential area of corporate governance, and our governance principles provide a strong framework. Spectra Energy directors work on your behalf, and we are dedicated to faithfully representing the interests of all stakeholders. We focus on issues important to you: independent board oversight, executive performance and compensation, leadership development, strategy, execution and effective risk management.

We understand the importance of a stable and attractive dividend, and in 2013 your board authorized a 12-cent per share increase in the company's annual dividend. And we fully expect to sustain that level of growth over the next several years.



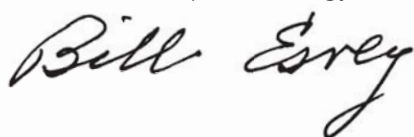
William T. Esrey
Chairman of the Board

With all of the expansion under way at Spectra Energy, our reach into communities is extending as well. In some instances, we're working with longtime neighbors and community partners; in other instances, we're introducing ourselves and building new relationships. Wherever we operate, we work as hard to build trust as we do to build pipelines. The successes highlighted in this report are built upon public trust, social responsibility and a sustainability focus that enables long-term performance and value creation.

On behalf of the board, I wish to express our gratitude to Dennis Hendrix, who will retire from the board this year. Dennis has contributed greatly to Spectra Energy and its predecessor companies, and his perspective will be missed. I also want to welcome two new directors, Clarence Cazalot and Michael Morris. As the former chairman, president and chief executive officer of Marathon Oil Corporation, Clarence brings extensive exploration and production knowledge to our board. Michael is the former president, chief executive officer and chairman of American Electric Power Company and his expertise in power generation and utility issues has proven to be a welcome addition.

Finally, as I prepare to leave the board this year, I want to thank our directors ... the entire Spectra Energy team ... and you, my fellow investors. It has been a pleasure and honor to serve your interests – and to witness the impressive evolution of this fine company.

Companies that lead have the discipline to execute on what they have in front of them today – and the vision to continually advance, adapt and shape a future of promise and achievement. I have great confidence in Spectra Energy's ability to lead and to create lasting value on your behalf..



William T. Esrey, Chairman of the Board

The power of partnership: our MLP evolves to advance growth


Spectra Energy's growing portfolio of assets and businesses is fueled by the power of partnership – master limited partnership (MLP), to be precise.

We utilize two strong MLPs: Spectra Energy Partners, which owns and operates natural gas and liquids transportation and storage assets; and DCP Midstream Partners, managed by general partner DCP Midstream, our joint venture with Phillips 66. Both are sector leaders with leading positions in major supply basins – and expanding infrastructure footprints that connect supply to high-growth markets.

Combined, our strong C-Corporation and MLP structures support our plan to invest more than \$35 billion in expansion opportunities by the end of the decade. And the enormous growth opportunities on the horizon prompted a significant structural realignment in 2013. In November, we completed the dropdown of substantially all of our remaining U.S. transmission and storage assets, along with our remaining crude and natural gas liquids assets, into Spectra Energy Partners. The dropdown transformed Spectra Energy Partners into the leading fee-based midstream MLP in the nation – and further fortified our overall growth platform. By optimizing our MLP structure, we enhanced our ability to fund growth and move quickly on emerging opportunities.

The benefits of partnership extend to our investors, as the dropdown serves to accelerate attractive dividend and distribution growth. Following the dropdown, Spectra Energy raised its annual dividend by 12 cents per share, delivering on our commitment to shareholders. And Spectra Energy Partners raised distributions in all four quarters, culminating with its 25th consecutive quarterly distribution increase. That level of performance resulted in Spectra Energy exceeding the S&P 500's average shareholder return for the year, and Spectra Energy Partners' returns surpassing the Alerian MLP Index.

So what's next? We're going to continue drawing on the strength of our MLPs to pursue value-enhancing growth through organic expansions, strategic acquisitions and dropdowns. We're going to deliver on our "investment of choice" commitment. Going forward, investors can expect compound annual growth rates of 9 percent in Spectra Energy dividends and 8 to 9 percent in Spectra Energy Partners distributions through 2016. That's the power of partnership.



*East Tennessee
Natural Gas System,
Saltville, Virginia*



25 consecutive quarters
of increased SEP distributions

Our expanding portfolio: new projects, new prospects

The year 2013 was a big “build” year for Spectra Energy. We acquired or placed into service \$6 billion in expansion projects – projects that build upon our excellent record of project execution and customer service. We also supplemented our backlog of new projects – securing \$7 billion in attractive, long-term, fee-based contracted projects that will deliver strong returns on capital, significant earnings growth and long-term investor value. The projects we’re building and pursuing are significant – and helping shape North America’s energy outlook. For example, our New Jersey-New York project, placed into service in 2013, is delivering wholesale energy savings of about \$700 million a year to New Jersey and New York residents, heating more than 2 million homes a day and improving air quality by eliminating about 6 million tons per year of carbon dioxide.

Our ability to successfully complete high-profile, high-stakes projects like New Jersey-New York led to other notable wins, like the Sabal Trail pipeline into Florida. And we’ve identified more than \$20 billion in additional long-term investment opportunities in all our business lines – opportunities that span the continent from supply basins to refinery markets, such as the NEXUS project that will bring supply diversity to Eastern Canada, the Westcoast Connector pipeline project to support liquefied natural gas exports from Western Canada, continued growth of our crude oil system, and the processing plants and pipelines DCP Midstream is developing to serve prolific supply basins like the Eagle Ford and Permian.

We’re even supporting the export of clean, affordable natural gas supplies beyond North America through infrastructure projects that will serve liquefied natural gas plants and terminals in both British Columbia and the U.S. Gulf Coast. We’re making good progress on our Westcoast Connector gas transmission pipeline to serve BG Group’s proposed terminal in Prince Rupert and expect to receive key environmental permits by year-end.



*Construction work
in 2013 on the now
in-service New
Jersey-New York
pipeline project*



2013 \$6 billion in expansion capital
\$7 billion in new projects secured

New business, new growth: crude oil transportation

Spectra Energy entered the expanding crude oil transportation and storage space in 2013 with the acquisition of the Express-Platte pipeline system and its talented employee team. Express-Platte is one of only three major systems delivering Canadian crude oil into the U.S. – affording us both an immediate presence and a solid platform for future growth in the liquids sector.

The timing couldn't have been better: Canadian oil sands and U.S. shale oil production is ramping up and needs infrastructure to deliver it to refinery markets. We've focused on maximizing throughput on the system and connecting to rail and barge terminals to extend our market reach beyond the end of the pipeline. Capacity on our system is in high demand, and we've taken the opportunity to secure long-term contracts for all available capacity on the Express pipeline.

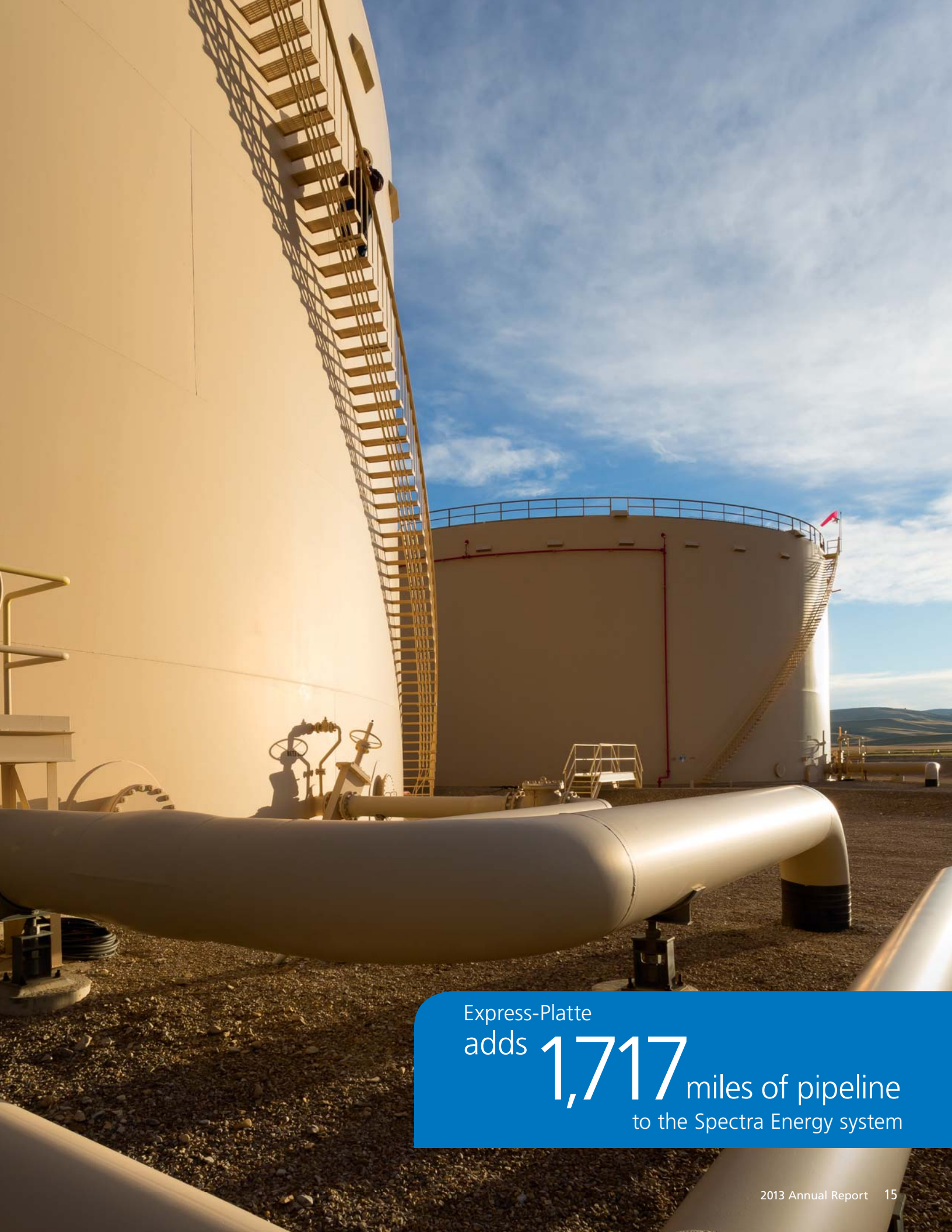
We've been very pleased with our results from the newly integrated Express-Platte system. In fact, we achieved our expected first full-year earnings from the system in just nine months. Our crude oil pipelines are operating at or near capacity, and their financial performance is exceeding even our best-case expectations.

Changing market dynamics in the crude oil sector are driving opportunities – and we've identified some \$10 billion in liquids expansion that we're actively pursuing. One of our most ambitious options would involve "twinning" our entire Express-Platte system to bring oil sands supply to the Midwest U.S. and beyond – a proposal that is receiving positive reaction from large refiners. We're also exploring opportunities to extend our pipeline upstream into producing areas, with projects like our proposed pipeline to link growing oil sands production to the Edmonton-Hardisty hub. In addition, we're pursuing multiple opportunities to build and expand storage and terminals both on and off our system.

We're excited about these opportunities and their capacity to create earnings and value growth for investors. Our successful venture into the crude oil business once again illustrates Spectra Energy's ability to enter emerging growth sectors at the right time, establish a competitive asset position in those sectors and deliver compelling results.



*Express Pipeline's
Buffalo Station
in Fergus County,
Montana*



Express-Platte

adds

1,717 miles of pipeline

to the Spectra Energy system

Natural gas liquids: changing the flow of energy

Spectra Energy expanded its strong liquids position in 2013. Today, DCP Midstream, our joint venture with Phillips 66, is the number one natural gas processor, the number one natural gas liquids producer and the third-largest natural gas liquids pipeline operator in North America. Those leadership positions affirm our scale, scope and ability to deliver exceptional performance to both customers and investors.

During the year, DCP Midstream placed more than \$3 billion of projects into service, realizing growth in natural gas liquids production, pipeline infrastructure and processing volumes.

Spectra Energy Partners, DCP Midstream and Phillips 66 each own a one-third interest in the Sand Hills and Southern Hills natural gas liquids pipelines. These pipelines were placed into service in the second quarter of 2013, ahead of schedule and under budget, and are now transporting liquids from the Eagle Ford, Permian and Midcontinent producing regions to fractionators along the Gulf Coast and at the Mont Belvieu market hub. Contracted volumes on both pipelines are ramping up, and we intend to expand the pipelines as demand continues to increase.

There were other strategic additions to our liquids portfolio in 2013. The Texas Express pipeline, placed into service in late 2013, provides producers in West and Central Texas, the Rocky Mountains, southern Oklahoma, the Midcontinent and the Denver-Julesburg Basin with much needed takeaway capacity for growing liquids volumes and improved access to the Gulf Coast. The Front Range pipeline was completed in early 2014, providing reliable takeaway capacity for natural gas liquids production in the Denver-Julesburg Basin to Gulf Coast markets. Texas Express and Front Range are partially owned by DCP Midstream's master limited partnership, DCP Midstream Partners, and operated by Enterprise Products Partners.

Market fundamentals for natural gas liquids and gathering and processing are strong today and expected to strengthen further. DCP Midstream will stay ahead of the curve, with plans to invest between \$4 and \$6 billion through 2016. The company self-funds its growth, resulting in excellent distributions to Spectra Energy – and exceptional value for our shareholders.



*DCP Midstream's
East Texas system*



DCP Midstream
investing **\$4-6 billion**
through 2016


A sustainable approach to what's next

Spectra Energy's approach to sustainability is encompassing – guiding all that we do. It begins at the top of our organization, with leadership and board commitment and sound governance practices, and extends through our strategic planning, pursuit of new projects, ongoing operations, interaction with stakeholders and decision-making at every level.

Our strategy and our license to operate are built upon trust – and we target improved levels of responsiveness for employees, partners, customers, suppliers, communities and governments.

In 2013 we were able to expand our operations and build and acquire new assets, thanks to our record of responsible, safe operations and ongoing collaborative community partnership. Our outreach effort on the Sabal Trail project is a great example. Florida Power & Light selected Spectra Energy to construct the interstate pipeline that will serve power generation needs in the state, based in large part on our approach to working responsibly in environmentally sensitive areas and meeting community needs. Since being awarded the project last year, we've consulted extensively with stakeholders along the entire route, hosting more than 40 informational meetings and open houses. And we've used the feedback from project neighbors to adjust our route to accommodate community needs and interests. In Western Canada, we're engaged in similar stakeholder consultation efforts related to our Westcoast Connector Gas Transmission Project, meeting with Aboriginal communities, local residents, businesses, community organizations and governments.

Public and workforce safety is our highest priority, and we hold our contractors and suppliers to the same high standards of safety excellence as we do our employee team. We continue to maintain a positive and rewarding work environment. We recruit top talent, retain an experienced, high-performing workforce and provide the resources and support for employees to grow professionally, through leadership development, mentoring, employee resource networks and a commitment to diversity and inclusion.



Studying terrestrial ecosystems and wildlife habitat along the Westcoast Connector Gas Transmission Project proposed route



Demand-side management at Union Gas
\$2.3 billion total resource cost savings*
6.3 billion cubic meters of conserved natural gas*
C\$8.2 million 2012 revenue generation

**since 1997*

Condensed Consolidated Statements of Operations

(In millions, except per share amounts)	Years Ended December 31,		
	2013	2012	2011
Operating Revenues			
Transportation, storage and processing of natural gas	\$3,128	\$3,149	\$3,139
Distribution of natural gas	1,577	1,366	1,481
Sales of natural gas liquids	440	401	564
Transportation of crude oil	224	—	—
Other	149	159	167
Total operating revenues	5,518	5,075	5,351
Operating Expenses			
Natural gas and petroleum products purchased	1,139	1,037	1,142
Operating, maintenance and other	1,941	1,719	1,745
Depreciation and amortization	772	746	709
Total operating expenses	3,852	3,502	3,596
Gains on Sales of Other Assets and Other, Net	—	2	8
Operating Income	1,666	1,575	1,763
Other Income and Expenses			
Equity in earnings of unconsolidated affiliates	445	382	549
Other income and expenses, net	124	83	57
Total other income and expenses	569	465	606
Interest Expense	657	625	625
Earnings From Continuing Operations Before Income Taxes	1,578	1,415	1,744
Income Tax Expense From Continuing Operations	419	370	487
Income From Continuing Operations	1,159	1,045	1,257
Income From Discontinued Operations, Net of Tax	—	2	25
Net Income	1,159	1,047	1,282
Net Income – Noncontrolling Interests	121	107	98
Net Income – Controlling Interests	\$1,038	\$ 940	\$1,184
Earnings per Common Share			
Basic	\$ 1.55	\$ 1.44	\$ 1.82
Diluted	\$ 1.55	\$ 1.43	\$ 1.81
Dividends per Common Share	\$ 1.22	\$1.145	\$ 1.06

Condensed Consolidated Balance Sheets

(In millions)	Years Ended December 31,	
	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 201	\$ 94
Receivables	1,336	970
Inventory	263	309
Other	281	290
Total current assets	2,081	1,663
Investments and Other Assets		
Investments in and loans to unconsolidated affiliates	3,043	2,692
Goodwill	4,810	4,513
Other	385	572
Total investments and other assets	8,238	7,777
Property, Plant and Equipment, Net	21,829	19,905
Regulatory Assets and Deferred Debits	1,385	1,242
Total Assets	\$33,533	\$30,587
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 440	\$ 464
Commercial paper	1,032	1,259
Current maturities of long-term debt	1,197	921
Other	1,370	1,147
Total current liabilities	4,039	3,791
Long-term Debt	12,488	10,653
Deferred Credits and Other Liabilities		
Deferred income taxes	4,968	4,358
Regulatory and other	1,457	1,684
Total deferred credits and other liabilities	6,425	6,042
Preferred Stock of Subsidiaries	258	258
Equity		
Controlling interests	8,494	8,972
Noncontrolling interests	1,829	871
Total equity	10,323	9,843
Total Liabilities and Equity	\$33,533	\$30,587

Condensed Consolidated Statements of Cash Flows

(In millions)	Years Ended December 31,		
	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 1,159	\$ 1,047	\$ 1,282
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	787	760	725
Deferred income tax expense	421	210	373
Equity in earnings of unconsolidated affiliates	(445)	(382)	(549)
Distributions received from unconsolidated affiliates	324	307	499
Changes in working capital	(74)	156	1
Other	(142)	(160)	(145)
Net cash provided by operating activities	2,030	1,938	2,186
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(1,947)	(2,025)	(1,915)
Investments in and loans to unconsolidated affiliates	(312)	(520)	(4)
Acquisitions, net of cash acquired	(1,254)	(30)	(390)
Sales (purchases) of held-to-maturity securities, net	38	(93)	14
Sales (purchases) of available-for-sale securities, net	146	(130)	190
Distributions received from unconsolidated affiliates	87	17	17
Other changes in restricted funds	2	93	(64)
Other	4	14	54
Net cash used in investing activities	(3,236)	(2,674)	(2,098)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase in commercial paper and long-term debt	2,027	975	528
Dividends paid on common stock	(821)	(753)	(694)
Proceeds from issuances of Spectra Energy Partners, LP common units	214	145	213
Proceeds from issuance of Spectra Energy common stock	—	382	—
Distributions to noncontrolling interests	(144)	(120)	(101)
Contributions from noncontrolling interests	23	—	—
Other	17	25	19
Net cash provided by (used in) financing activities	1,316	654	(35)
Effect of exchange rate changes on cash	(3)	2	(9)
Net increase (decrease) in cash and cash equivalents	107	(80)	44
Cash and cash equivalents at beginning of period	94	174	130
Cash and cash equivalents at end of period	\$ 201	\$ 94	\$ 174

Condensed Consolidated Statements of Equity

(In millions)	Common Stock/ Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income		Noncontrolling Interests	Total
			Foreign Currency Translation Adjustments	Other		
December 31, 2010	\$4,727	\$1,487	\$2,010	\$(415)	\$ 678	\$ 8,487
Net income	—	1,184	—	—	98	1,282
Other comprehensive income (loss)	—	—	(178)	(144)	2	(320)
Dividends on common stock	—	(694)	—	—	—	(694)
Spectra Energy common stock issued	32	—	—	—	—	32
Spectra Energy Partners, LP common units issued	38	—	—	—	154	192
Net distributions to noncontrolling interests	—	—	—	—	(101)	(101)
Other, net	18	—	—	—	—	18
December 31, 2011	4,815	1,977	1,832	(559)	831	8,896
Net income	—	940	—	—	107	1,047
Other comprehensive income	—	—	212	24	3	239
Dividends on common stock	—	(752)	—	—	—	(752)
Spectra Energy common stock issued	399	—	—	—	—	399
Spectra Energy Partners, LP common units issued	26	—	—	—	108	134
Net distributions to noncontrolling interests	—	—	—	—	(120)	(120)
Transfer of interests in subsidiaries to Spectra Energy Partners, LP	34	—	—	—	(54)	(20)
Other, net	24	—	—	—	(4)	20
December 31, 2012	5,298	2,165	2,044	(535)	871	9,843
Net income	—	1,038	—	—	121	1,159
Other comprehensive income (loss)	—	—	(487)	219	(7)	(275)
Dividends on common stock	—	(820)	—	—	—	(820)
Spectra Energy common stock issued	23	—	—	—	—	23
Spectra Energy Partners, LP common units issued	42	—	—	—	147	189
Net distributions to noncontrolling interests	—	—	—	—	(121)	(121)
Transfer of interests in subsidiaries to Spectra Energy Partners, LP	(511)	—	—	—	817	306
Other, net	18	—	—	—	1	19
December 31, 2013	\$4,870	\$2,383	\$1,557	\$(316)	\$1,829	\$10,323

Spectra Energy Board of Directors



William T. Esrey, Chairman

Bill Esrey chairs Spectra Energy's board of directors and is chairman emeritus of Sprint Corporation. He served as Sprint's chief executive officer from 1985 to 2003 and as chairman from 1990 to 2003. He also served as chairman of Japan Telecom from 2003 to 2004. Esrey is a director of General Mills, Inc.



Austin A. Adams

Austin Adams is the former executive vice president and chief information officer (CIO) of JPMorgan Chase, a role he assumed in 2004 when JPMorgan Chase and Bank One Corporation merged. Before joining Bank One in 2001, Adams served as CIO for First Union Corporation. He is chairman of the board of Community ONE Bank, N.A. and a director of CommScope, Inc. and Dun & Bradstreet, Inc.



Joseph Alvarado

Joe Alvarado is president, chief executive officer and chairman of the board of Commercial Metals Company. He previously served as president and chief operating officer of Commercial Metals; as president of U.S. Tubular Products, Inc., a division of U.S. Steel; and as president of Lone Star Technologies, prior to its acquisition by U.S. Steel. He has held executive positions with Ispat North America (now ArcelorMittal), Birmingham Steel and Inland Steel.



Pamela L. Carter

Pamela Carter is president of Cummins Distribution Business. She previously served as president of Cummins Filtration, vice president and general manager of Cummins' Europe, Middle East and Africa business and operations, and vice president and general counsel for Cummins Inc. She served as attorney general for the State of Indiana from 1993 to 1997. Carter is a member of the Export-Import Bank of the United States' sub-Saharan Africa Advisory Council and a director of CSX Corporation.



Clarence P. Cazalot Jr.

Clarence Cazalot is the retired chairman, president and chief executive officer of Marathon Oil Corporation. He serves as a director of Baker Hughes, Inc., the American Petroleum Institute, FMC Technologies and the Greater Houston Partnership.



F. Anthony Comper

Tony Comper is the retired president and chief executive officer of BMO Financial Group. He was appointed to that position in February 1999 and served as chairman from July 1999 to May 2004. He previously served on the board of directors of the Bank of Montreal.



Gregory L. Ebel

Greg Ebel is president and chief executive officer of Spectra Energy. He previously served in a number of leadership roles for Spectra Energy and its predecessor companies, including chief financial officer, president of Union Gas, vice president of investor and shareholder relations, managing director of mergers and acquisitions and vice president of strategic development. He also serves as president, CEO and chairman of Spectra Energy Partners. Ebel is a director of DCP Midstream and The Mosaic Company.



Peter B. Hamilton

Peter Hamilton is the retired vice president and chief financial officer of Brunswick Corporation. He previously served Brunswick in a number of executive leadership capacities, including vice chairman of Brunswick Corporation; president, Brunswick Boat Group; president, Life Fitness division; and president, Brunswick Bowling & Billiards. He serves as a director of Oshkosh Corporation and SunCoke Energy, Inc.

**Dennis R. Hendrix**

Dennis Hendrix is the retired chairman of the board of PanEnergy Corp. He served as chairman from 1990 to 1997, as chief executive officer from 1990 to 1995 and as president from 1990 to 1993. He has served as a director of Duke Energy, Allied Waste Industries and Newfield Exploration Company.

**Michael McShane**

Mike McShane served as chairman, president and chief executive officer of Grant Prideco, Inc. from 2002 until the 2008 merger of Grant Prideco and National Oilwell Varco, Inc. He previously served as senior vice president of finance, chief financial officer and director of BJ Services Company. McShane is a director of Superior Energy Services, Inc., Oasis Petroleum, Inc., Forum Energy Technologies, Inc., and two private companies.

**Michael G. Morris**

Michael Morris is the former president, chief executive officer and chairman of American Electric Power Company, Inc. (AEP). Prior to joining AEP in 2004, he served as chairman, president and chief executive officer of Northeast Utilities from 1997 to 2003. Morris is a director of Alcoa, Inc., Battelle, Limited Brands, Inc., and The Hartford Financial Services Group.

**Michael E.J. Phelps**

Michael Phelps is chairman of Dornoch Capital Inc., a private investment company. He served as chairman and chief executive officer of Westcoast Energy Inc. from 1988 to 1992 and as chairman and chief executive officer from 1992 to 2002. He has previously served as a director of Duke Energy, Canadian Imperial Bank of Commerce, Canadian Pacific Railroad Company and Prodigy Gold, Inc. In 2001, Phelps was appointed as an officer of the Order of Canada. He is a director of Marathon Oil Corporation.

Board of Directors Committee Membership

Director	Audit Committee	Compensation Committee	Corporate Governance Committee	Finance and Risk Management Committee
Austin Adams	○		○	
Joseph Alvarado		○		○
Pamela Carter		○	●	
Clarence Cazalot				○
Anthony Comper		○		○
William Esrey	○		○	
Peter Hamilton	●		○	
Dennis Hendrix		○		○
Michael McShane	○			●
Michael Morris		○		○
Michael Phelps		●		○

● Indicates committee chair



Spectra Energy Leadership Team (from left)

Mark Fiedorek is president of the company's Western Canadian operations, responsible for four of the company's western-based divisions: BC Pipeline, BC Field Services, Midstream and Natural Gas Liquids. He also serves on the board of directors of DCP Midstream Partners.

Alan Harris is a senior advisor to the CEO, providing oversight and focus for the company's project execution efforts. He also serves on the board of DCP Midstream Partners. Harris has indicated his intention to retire in 2014.

Reggie Hedgebeth is general counsel and chief ethics and compliance officer for Spectra Energy. He leads the company's legal department, office of the corporate secretary, compliance, regulatory affairs, government relations and global supply chain teams. He also serves as general counsel for Spectra Energy Partners.

Greg Ebel is president and chief executive officer and a member of the company's board of directors. He also serves as president, CEO and chairman of Spectra Energy Partners and on the board of directors of DCP Midstream.

Julie Dill is chief communications officer, responsible for the company's communications with internal and external audiences, including investors, the media, employees and other stakeholders. She oversees Spectra Energy's sustainability efforts. She also serves on the board of directors of Spectra Energy Partners.

Doug Bloom is president of the company's Canadian LNG business, leading development efforts related to liquefied natural gas infrastructure opportunities in Western Canada.



Bill Yardley is president of U.S. transmission and storage, responsible for the company's extensive network of natural gas infrastructure assets across the country. He also serves on the board of directors of Spectra Energy Partners.

John Arensdorf is a senior advisor to the CEO, providing strategic counsel on investor relations and communications matters. Arensdorf has indicated his intention to retire in 2014.

Dorothy Ables is chief administrative officer, responsible for the company's information technology, audit services, human resources, support services and community relations functions. She also serves on the board of directors for Spectra Energy Partners.

Guy Buckley is chief development officer, responsible for the company's strategy, economic evaluation and merger and acquisition efforts. He also oversees Spectra Energy's liquids business.

Steve Baker is president of Union Gas, one of Ontario's largest natural gas utilities. Union Gas also provides natural gas storage and transportation services to other utilities and energy market participants in Ontario, Quebec and the U.S.

Pat Reddy is chief financial officer, responsible for the company's financial function, which includes the controller's office, financial planning and analysis, treasury, tax, risk management and insurance. He also serves as chief financial officer of Spectra Energy Partners and on the board of directors of DCP Midstream.



*Express-Platte
Pipeline System
right of way,
Casper, Wyoming*

Spectra Energy Accolades

Ethisphere Institute

World's Most Ethical Companies, 2012-2013

Dow Jones Sustainability Indexes

World Index, 2010-2013; North America Index, 2008-2013

RobecoSAM

Bronze Class Sustainability Award, 2011-2013

Industry Leader and Gold Class Sustainability Awards, 2014

CDP Indexes

Global 500 Climate Disclosure Leadership Index, 2009, 2012, 2013

Global 500 Climate Performance Leadership Index, 2013

S&P Climate Disclosure Leadership Index, 2008-2013

S&P 500 Climate Performance Leadership Index, 2010, 2013

STOXX® Global ESG Leaders Index

STOXX® Global ESG Leaders Index, 2011-2013

NYSE Euronext Vigeo Indexes

NYSE Euronext Vigeo World 120, 2013

NYSE Euronext Vigeo U.S. 50, 2013

Corporate Responsibility Magazine

100 Best Corporate Citizens List, 2011-2013

#1 among utilities, 2012-2013

Newsweek magazine

Green Rankings, 2010-2012

Anti-Defamation League

Community of Respect®, 2007-2013

Human Rights Campaign

Corporate Equality Index, 2010-2014

Civic 50

**#26 among America's most community-minded
companies, 2012**

Workplace Dynamics

One of top U.S. workplaces, 2013

One of Houston's top 150 places to work, 2010-2013

Union Gas named one of

MediaCorp Canada's Top 100 Employers, 2011-2014

Chief Learning Officer Magazine

LearningElite organization, 2011-2013

Spectra Energy Investor Information

Shareholder Services

Broadridge Corporate Issuer Solutions, Inc. is the Transfer Agent and Registrar for Spectra Energy Corp common stock. Registered shareholders may direct questions about stock accounts, legal transfer requirements, address changes, dividend checks, replacement of lost certificates or other services by calling toll free 1-855-2 SPECTRA or 1-855-277-3287.

Please send written requests to:

Spectra Energy Corp
c/o Broadridge Corporate Issuer Solutions, Inc.
P O Box 1342
Brentwood, NY 11717-0718

For electronic correspondence, visit the Broadridge website at www.shareholder.broadridge.com/spectra

Stock Exchange Listing

Spectra Energy's common stock is listed on the New York Stock Exchange under the trading symbol SE.



Stock Purchase and Dividend Reinvestment Plan

The Spectra Energy Stock Purchase and Dividend Reinvestment Plan provides a simple and convenient way to purchase common stock directly through the company, without incurring brokerage fees. The plan provides for full reinvestment, direct deposit or cash payment of dividends. Purchases may be made weekly. Bank drafts for monthly purchases and depositing certificates into the plan for safekeeping are additional options. Visit the Broadridge website at www.shareholder.broadridge.com/spectra for account management access.

Financial Publications

Spectra Energy's Securities & Exchange Commission reports and related financial publications can be found on our website at www.spectraenergy.com/investors. Printed copies are available upon request.

Electronic Delivery

Spectra Energy encourages shareholders to enroll in electronic delivery of financial information and proxy statements. To enroll in electronic delivery, go to <http://enroll.icsdelivery.com/se>

Duplicate Mailings

If your shares are registered in different accounts, you may receive duplicate mailings of annual reports, proxy statements and other shareholder information. Contact Broadridge for instructions on how to combine your accounts or eliminate duplicate mailings.

Dividend Payment

Dividends on common stock are expected to be paid in March, June, September and December 2014, subject to declaration by the board of directors.

Website

Additional investor information may be obtained on Spectra Energy's website, www.spectraenergy.com

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