

Spectra Energy Corp
Spectra Energy Partners, LP
Definitions of Non-GAAP Financial Measures and Supplemental Reconciliations

EBITDA

EBITDA, a non-GAAP financial measure, represents earnings from continuing operations before interest, taxes, depreciation and amortization. The most directly comparable GAAP measure for EBITDA is net income.

Ongoing EBITDA

Ongoing EBITDA, a non-GAAP financial measure, represents EBITDA, excluding special items. The most directly comparable GAAP measure for ongoing EBITDA is net income.

Ongoing Segment EBITDA and Ongoing Other EBITDA

Ongoing segment EBITDA and Ongoing other EBITDA, non-GAAP financial measures, represent segment EBITDA and other EBITDA, excluding special items. The most directly comparable GAAP measures for ongoing segment EBITDA and ongoing other EBITDA are segment EBITDA and other EBITDA.

Distributable Cash Flow (DCF)

DCF, a non-GAAP financial measure, represents the cash generation capabilities of the company to support dividend/distribution growth. We define it as EBITDA plus distributions from equity investments, less earnings from equity investment, equity AFUDC, interest expense, cash effect of income taxes, distributions to non-controlling interests, maintenance capital expenditure and certain other non-cash items affecting net income. The most directly comparable GAAP measure for DCF is net income.

Ongoing DCF

Ongoing DCF, a non-GAAP financial measure, represents DCF, excluding the cash effect of special items. The most directly comparable GAAP measure for ongoing DCF is net income.

DCF Coverage

DCF coverage, a non-GAAP financial measure, represents DCF, divided by dividends/distributions declared on common stock/partnership units. The most directly comparable GAAP measure for DCF coverage is Earnings-Per-Share/ Earnings-Per-Unit.

DCP Midstream's and DCP Midstream Partners' Stand-Alone Adjusted EBITDA

Adjusted EBITDA, a non-GAAP financial measure, represents net income or loss less interest income, non-cash commodity derivative gains, plus interest expense, income tax expense, depreciation and amortization expense, noncash commodity derivative losses, and certain other non-cash charges. The commodity derivative non-cash losses and gains result from the marking to market of certain financial derivatives used by us for risk management purposes that we do not account for under the hedge method of accounting. These non-cash losses or gains may or may not be realized in future periods when the derivative contracts are settled, due to fluctuating commodity prices.

DCP Midstream Partners' Stand-Alone DCF

DCF, a non-GAAP financial measure, represents net cash provided by or used in operating activities, less maintenance capital expenditures, net of reimbursable projects, plus or minus adjustments for non-cash mark-to-market of derivative instruments, proceeds from divestiture of assets, net income attributable to noncontrolling interests net of depreciation and income tax, net changes in operating assets and liabilities, and other adjustments to reconcile net cash provided by or used in operating activities.

Spectra Energy Corp
Reported to Ongoing Earnings Reconciliation
March 2016 Year-to-date
(Unaudited)

(In millions, except per-share amounts)

	Reported Earnings	Less: Special Items	Ongoing Earnings
SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION			
Spectra Energy Partners	\$ 473	\$ —	\$ 473
Distribution	170	—	170
Western Canada Transmission & Processing	123	—	123
Field Services	3	(7) A	10
Total Reportable Segment EBITDA	769	(7)	776
Other	(19)	—	(19)
Total Reportable Segment and Other EBITDA	\$ 750	\$ (7)	\$ 757
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 750	\$ (7)	\$ 757
Depreciation and Amortization	(193)	—	(193)
Interest Expense	(151)	—	(151)
Interest Income and Other	2	—	2
Income Tax Expense	(98)	3	(101)
Total Net Income	310	(4)	314
Total Net Income - Noncontrolling Interests	(76)	—	(76)
Total Net Income - Controlling Interests	\$ 234	\$ (4)	\$ 238
EARNINGS PER SHARE, BASIC			
	\$ 0.35	\$ —	\$ 0.35
EARNINGS PER SHARE, DILUTED			
	\$ 0.35	\$ —	\$ 0.35

A - Non-cash asset impairments and write-offs.

Weighted Average Shares (reported and ongoing) - in millions

Basic	674
Diluted	675

Spectra Energy Corp
Reported to Ongoing Earnings Reconciliation
March 2015 Year-to-date
(Unaudited)

(In millions, except per-share amounts)

	<u>Reported Earnings</u>	<u>Less: Special Items</u>	<u>Ongoing Earnings</u>
SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION			
Spectra Energy Partners	\$ 455	\$ (9) A	\$ 464
Distribution	192	—	192
Western Canada Transmission & Processing	161	—	161
Field Services	(17)	(3) B	(14)
Total Reportable Segment EBITDA	<u>791</u>	<u>(12)</u>	<u>803</u>
Other	(15)	—	(15)
Total Reportable Segment and Other EBITDA	<u>\$ 776</u>	<u>\$ (12)</u>	<u>\$ 788</u>
EARNINGS			
Total Reportable Segment EBITDA and Other EBITDA	\$ 776	\$ (12)	\$ 788
Depreciation and Amortization	(193)	—	(193)
Interest Expense	(159)	—	(159)
Interest Income and Other	2	—	2
Income Tax Expense	(101)	4	(105)
Total Net Income	<u>325</u>	<u>(8)</u>	<u>333</u>
Total Net Income - Noncontrolling Interests	<u>(58)</u>	<u>1</u>	<u>(59)</u>
Total Net Income - Controlling Interests	<u>\$ 267</u>	<u>\$ (7)</u>	<u>\$ 274</u>
EARNINGS PER SHARE, BASIC			
	<u>\$ 0.40</u>	<u>\$ (0.01)</u>	<u>\$ 0.41</u>
EARNINGS PER SHARE, DILUTED			
	<u>\$ 0.40</u>	<u>\$ (0.01)</u>	<u>\$ 0.41</u>

A - Non-cash impairment at Ozark Gas Gathering.

B - Overhead reduction costs.

Weighted Average Shares (reported and ongoing) - in millions

Basic	671
Diluted	673

Spectra Energy Partners, LP
 Reported to Ongoing Earnings Reconciliation
 March 2016 Year-to-date
 (Unaudited)
 (In millions)

<i>SEGMENT EARNINGS BEFORE INTEREST, TAXES, AND DEPRECIATION AND AMORTIZATION</i>	Reported/ Ongoing Earnings
U.S. Transmission	\$ 411
Liquids	56
Total Reportable Segment EBITDA	467
Other	(20)
Total Reportable Segment and other EBITDA	\$ 447
<i>EARNINGS</i>	
Total Reportable Segment EBITDA and Other EBITDA	\$ 447
Depreciation and Amortization	(77)
Interest Expense	(56)
Other Income and Expenses	1
Income Tax Expense	(4)
Total Net Income	311
Total Net Income - Noncontrolling Interests	(13)
Total Net Income - Controlling Interests	\$ 298

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

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

A - Non-cash impairment at Ozark Gas Gathering.

Spectra Energy Corp
Reported to Ongoing Distributable Cash Flow Reconciliation
Unaudited
(In millions, except where noted)

	Three Months Ended March 31, 2016			Three Months Ended March 31, 2015		
	Reported	Less: Special Items	Ongoing	Reported	Less: Special Items	Ongoing
Net Income	\$ 310	\$ (4)	\$ 314	\$ 325	\$ (8)	\$ 333
Add:						
Interest expense	151	—	151	159	—	159
Income tax expense	98	(3)	101	101	(4)	105
Depreciation and amortization	193	—	193	193	—	193
Foreign currency (gain) loss	(2)	—	(2)	(1)	—	(1)
Less:						
Third party interest income	—	—	—	1	—	1
EBITDA	750	(7)	757	776	(12)	788
Add:						
(Earnings) Loss from equity investments	(33)	7	(40)	(24)	3	(27)
Distributions from equity investments	65	—	65	54	—	54
Empress non-cash items	32	—	32	22	—	22
Non-cash impairment at Ozark Gas Gathering	—	—	—	9	9	—
Other	5	—	5	5	—	5
Less:						
Interest expense	151	—	151	159	—	159
Equity AFUDC	25	—	25	16	—	16
Net cash paid (refund) for income taxes	(22)	—	(22)	(46)	—	(46)
Distributions to non-controlling interests	54	—	54	44	—	44
Maintenance capital expenditures	88	—	88	91	—	91
Total Distributable Cash Flow	\$ 523	\$ —	\$ 523	\$ 578	\$ —	\$ 578

Spectra Energy Partners, LP
Reported to Ongoing Distributable Cash Flow Reconciliation
Unaudited
(In millions)

	Three Months Ended			
	March 31, 2016	March 31, 2015		
	Reported/ Ongoing	Reported	Less: Special Items	Ongoing
Net Income	\$ 311	\$ 301	\$ (9)	\$ 310
Add:				
Interest expense	56	57	-	57
Income tax expense	4	2	-	2
Depreciation and amortization	77	73	-	73
Foreign currency loss	(1)	3	-	3
EBITDA	447	436	(9)	445
Add:				
Earnings from equity investments	(27)	(40)	-	(40)
Distributions from equity investments	65	54	-	54
Non-cash impairment at Ozark Gas Gathering	-	9	9	-
Other	2	3	-	3
Less:				
Interest expense	56	57	-	57
Equity AFUDC	17	11	-	11
Net cash paid for income taxes	1	5	-	5
Distributions to non-controlling interests	7	7	-	7
Maintenance capital expenditures	35	28	-	28
Total Distributable Cash Flow	\$ 371	\$ 354	\$ -	\$ 354

Spectra Energy Corp

Distributable Cash Flow

(Unaudited)

(In millions)

	Year Ended
	December 31, 2015
Net Income	\$ 460
Add:	
Interest expense	636
Income tax expense	161
Depreciation and amortization	764
Foreign currency loss (gain)	6
Less:	
Third Party Interest Income	3
EBITDA	2,024
Add:	
Earnings from equity investments	(76)
Non-cash impairments at DCP	366
Distributions from equity investments	209
Empress non-cash items	42
Non-cash goodwill impairments associated with the Westcoast acquisition in 2002	333
Other non-cash asset impairments	16
Other	25
Less:	
Interest expense	636
Equity AFUDC	111
Net cash paid (refund) for income taxes	29
Distributions to non-controlling interests	198
Maintenance capital expenditures	691
Total Distributable Cash Flow	\$ 1,274
Dividends declared	\$ 1,017
Coverage Ratio	1.3x

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

	Years Ended December 31, 2015
Net Income	\$ 1,265
Add:	
Interest expense	239
Income tax expense	12
Depreciation and amortization	295
Foreign currency loss	6
Less:	
Third party interest income	1
EBITDA	1,816
Add:	
Earnings from equity investments	(167)
Distributions from equity investments	207
Non-cash impairment on Ozark Gas Gathering	9
Other	12
Less:	
Interest expense	239
Equity AFUDC	76
Net cash paid for income taxes	12
Distributions to non-controlling interests	31
Maintenance capital expenditures	314
Total Distributable Cash Flow	\$ 1,205
Distributions	\$ 976
Coverage Ratio	1.2x

Spectra Energy Corp
Distributable Cash Flow
(In millions)

	<u>2016e</u>	<u>2017e</u>	<u>2018e</u>
Total Reported Net Income	\$ 1,150	\$ 1,345	\$ 1,435
Add:			
Interest expense	625	675	690
Income tax expense (benefit)	315	385	325
Depreciation and amortization	765	825	875
EBITDA	<u>2,855</u>	<u>3,230</u>	<u>3,325</u>
Add:			
Net cash from equity investments	85	95	120
Other	85	70	50
Less:			
Interest expense	625	675	690
Equity AFUDC	145	110	90
Cash paid for income taxes	15	55	180
Distributions to non-controlling interests	255	330	390
Maintenance capital expenditures	615	625	640
Total Consolidated Distributable Cash Flow	<u>\$ 1,370</u>	<u>\$ 1,600</u>	<u>\$ 1,505</u>
Coverage Ratio	1.2x	1.3x	1.1x

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

	<u>2016e</u>	<u>2017e</u>	<u>2018e</u>
Total Reported Net Income	\$ 1,395	\$ 1,600	\$ 1,670
Add:			
Interest expense	255	285	295
Income tax expense (benefit)	0	5	5
Depreciation and amortization	315	345	365
EBITDA	<u>1,965</u>	<u>2,235</u>	<u>2,335</u>
Add:			
Net cash from equity investments	(15)	(80)	50
Other	10	10	10
Less:			
Interest expense	255	285	295
Equity AFUDC	100	60	50
Cash paid for income taxes	0	10	10
Distributions to non-controlling interests	30	30	30
Maintenance capital expenditures	265	265	260
Total Consolidated Distributable Cash Flow	<u>\$ 1,310</u>	<u>\$ 1,515</u>	<u>\$ 1,750</u>
Coverage Ratio	1.2x	1.2x	1.2x

Spectra Energy Corp
DCP Midstream's Stand-Alone Adjusted EBITDA
Recovery Case
(In millions)

	2016 e	2017 e	2018 e
Net income (loss) attributable to members' interests	\$ (120)	\$ 45	\$ 70
Net income attributable to noncontrolling interests	130	145	125
Net income	10	190	195
Interest expense, net	320	320	355
Depreciation and amortization	395	395	400
Income tax expense	5	5	5
Non cash commodity derivative activity	70	5	-
Adjusted EBITDA	\$ 800	\$ 915	\$ 955

Spectra Energy Corp**DCP Midstream Partners's Stand-Alone Adjusted EBITDA and Distributable Cash Flow****(In millions)**

	2016 e	
	Low Forecast	High Forecast
Net income attributable to partners	\$ 265	\$ 295
Interest expense, net of interest income	98	98
Income taxes	2	2
Depreciation and amortization, net of noncontrolling interests	130	130
Non-cash commodity derivative mark-to-market	70	70
Adjusted EBITDA	565	595
Interest expense, net of interest income	(98)	(98)
Maintenance capital expenditures, net of reimbursable projects	(30)	(45)
Distributions from unconsolidated affiliates, net of earnings	30	45
Income taxes and other	(2)	(2)
Distributable cash flow	\$ 465	\$ 495