Investor Relations Frequently Asked Questions
May 6, 2008

Questions Regarding First Quarter 2008 Earnings:

- **What were the US Transmission earnings drivers for 1Q08 compared with 1Q07?**
  - U.S. Transmission had a strong quarter with 1Q08 ongoing earnings up by 3% over 1Q07. Earnings increased as a result of expansion projects placed in-service, higher commodity prices for gas processing and from capitalized interest on construction projects.

- **What was the driver of Distribution's earnings for first quarter 2008 compared to the prior year?**
  - 1Q08 ongoing earnings for Distribution increased by 15% compared to last year. Distribution benefited during 1Q08 from the strong Canadian dollar, higher storage and transportation revenues as a result of increased demand, expansion projects, and higher usage as a result of colder weather compared to last year. These increases were partially offset by higher operating costs.

- **What were the drivers for Western Canadian Transmission and Processing for 1Q08 vs. 1Q07?**
  - Our Western Canadian operations posted a 77% increase in ongoing earnings for the quarter compared to 1Q07. Ongoing segment results were higher by $57 million compared with 1Q07 due to a higher frac spread at Empress and a favorable Canadian dollar. Empress 1Q08 average frac spread was $8.13.

- **What were the earnings drivers at DCP Midstream in 1Q08 vs. 1Q07?**
  - Field Services reported 1Q08 ongoing EBIT of $192 million, compared with $85 million in 1Q07, a 125% increase. The increase was due primarily to favorable commodity prices and better plant efficiencies. Additionally, the first quarter 2007 results were negatively affected by severe winter storms, which were not a key factor in 2008. 1Q08 crude oil prices averaged $98/barrel, compared with $58/barrel in 1Q07. 1Q08 distributions from DCP Midstream to Spectra Energy were $112 million and a special dividend of $250 million in April.

- **Why was your net effective income tax rate higher in 1Q08 compared to 1Q07?**
  - Our effective tax rate for first quarter was 32 percent, compared with 33 percent last year and is consistent with our ongoing expectation for an effective tax rate in the 32-33 percent range for the year.

- **What was the effect of the Canadian Dollar Exchange Rate for the first quarter 2008?**
  - We've seen recent upward trending of the Canadian dollar, which has been a positive for both our Distribution and Western Canada Transmission and

Processing business segment earnings. For this quarter, the net after tax effect was about $18 million favorable compared with first quarter 2007.

- **What is the current level of credit facilities and what is the unused capacity?**
    - As of 3/31/08, our consolidated Credit Facilities totaled about $2.7 billion, with available liquidity of about $2.0 billion.

Questions on Value Enhancement:

We announced two strategic actions to enhance the value of SE stock:

- First, our Board of Directors has approved a plan to repurchase up to $600 million of SE shares, which would involve a combination of open market purchases and other transactions, such as an accelerated stock repurchase. The components and execution of each plan will be based on our assessment of current market conditions and our stock price.
- Second, we recommended to the board of directors to increase our annual dividend from 92 cents per share to $1 per share, beginning in 3Q08. Combined with our 4 cent increase which was effective in January, this proposed action represents close to a 14% percent dividend increase thus far in 2008.

- **Why did you decide to take this action at this time?**
    - Our solid financial performance this quarter, our strong balance sheet, confidence in our ability to deliver on our plan, robust commodity prices and strong cash flows allow us to return value to shareholders. And, we believe SE is a great buying opportunity.

- **How will you fund the stock repurchase?**
    - A substantial part of the $600 million has been pre-funded with our robust first quarter earnings and the $250 million special distribution from DCP Midstream. We expect the remaining amount to be funded with a combination of internally generated cash from strong commodity prices and asset rationalization.

- **What effect does the stock repurchase have on your credit metrics?**
    - We're in an excellent position to fund this stock repurchase plan without adversely affecting our balance sheet or our credit metrics. Our projected 12/31/08 FFO/Interest and FFO/Debt coverage ratios are stronger than those set forth in our original 2008 plan. We expect to add virtually no incremental debt in connection with the share repurchase plan.

Other Questions:

- **Do you expect to exceed your $1.56 per share employee incentive target for 2008?**
    - Our first quarter earnings growth and ability to deliver on plan, paired with the prospect of continued robust commodity pricing, gives us confidence that we will exceed – perhaps significantly – our $1.56 employee incentive target for the year.

- **What are the sensitivities for DCP Midstream's business?**
    - DCP Midstream's annual EBIT projection is based on a 2008 crude oil strip price of $83. Every $1 change in crude oil has a $12 million impact on annual EBIT. We do not hedge our commodity positions at Field Services, except for

certain positions at DCP Midstream Partners (DPM). The correlation for NGL's to crude was assumed at 60%.
  - The forecast for 2008 also includes an assumption for natural gas of $8/MMBtu. Every $.10/MMBtu change in the natural gas price equates to a $2 million change in EBIT.

- **As of May 1, what are the current settled and forward estimates for crude oil and natural gas?**
  - The current settled and forward price for crude oil is in the $110/barrel range and correlations are running in the mid-50% range. Natural gas prices for the year are averaging about $10/MMBtu.

- **What are your sensitivities to the frac spread at Empress for 2008?**
  - Our Empress system has exposure to changes in the frac spread. On an annual basis, we have a sensitivity of approximately $16 million for every 50 cent change in the frac spread.
  - The average frac spread in the 2008 forecast for Empress is ~ $7.25 / MMBtu
  - Keep in mind that, in addition to this frac spread, Empress' earnings are affected by other operational factors such as fuel costs, freight costs, other O&M, volumes processed and NGL inventory volumes and value.

  - **Based upon public information available, how can an investor estimate the Empress frac spread?**
    - A simple proxy for Empress' frac spread is the difference between Belvieu propane and Alberta (AECO) gas in US$/MMBtu. One way to estimate this would be to take the NYMEX Propane price converted to $/MMBtu less the combination of the NYMEX Natural Gas price and the NYMEX Clearport Alberta Basis Swap price (to get an Alberta outright price equivalent). Note the gas prices are already in $/MMBtu.

    In formula terms:
    NYMEX Propane in $/gallon * ~10.92 gallons/MMBtu = Propane in $/MMBtu
    Less:
    (NYMEX Henry Hub Natural Gas plus NYMEX Clearport Alberta Basis Swap price)

    For example:

Based upon 4/29/08 Settled Nymex Data or most recent settle

Commodity	Contract Month	NYMEX Price	Conversion Rate	MMBTU Price
Propane	Jun '08	1.625	10.92	**17.75**
NG HH	Jun '08	10.842		10.84
NG Alberta Basis Swap	Jun '08	-1.0970		-1.0970
Natural Gas Price at Alberta				**9.75**
Estimated Frac Spread (17.75-9.74)				**8.00**

Note:

- This example computes the frac spread for only one contract month. Be advised that this provides an indication only, given the lack of forward market liquidity for propane.

    - Actual Empress' earnings are impacted by other operational factors such as fuel costs, freight costs, other O&M, volumes processed and NGL inventory volumes and value.

- **Is Spectra Energy still projecting $3 Billion of Capital Expenditures over 2008-2010?**
  - Yes. We continue to see total opportunities over $4 billion and we believe that our ability to spend $1 billion per year in growth capex will continue into 2010. We have a host of opportunities before us and have the ability to upgrade our choice of projects to support our CapEx spending projections.
  - During 2008, we expect to place into service about $1.5 billion in capital projects. We expect these projects to contribute about $90 million EBIT in 2008 and an incremental $110 million EBIT in 2009.

- **What level of Capital Expenditures is Spectra Energy expecting for 2008?**
  - About $2.0 billion of which $550 million is maintenance capex.

- **What are Spectra Energy's expected returns for capital projects?**
  - Overall, our project returns on capital employed (ROCE) will average between 10-12% (ROCE= EBIT/Capital Employed). We have two different categories of projects:
    - Organic (bolt-on or expansion of an existing project) – These typically produce ROCE in the low to mid teens
    - Greenfield – (construction of a new asset) – These typically produce high single digit ROCE

- **What is Spectra Energy's plan for additional drop-downs to SEP?**
  - At this time we have not announced any additional drop-downs beyond the Saltville Assets which closed in April 2008. We have stated that our strategy for growing SEP will be a combination of organic growth, accretive acquisitions, and, as required, additional drop-downs. We will take the steps necessary to be certain we maintain the strength of SEP's currency.

- **What are Spectra Energy's current credit ratings?**
  - Moody's: Spectra Energy Capital's Senior Unsecured debt rating is Baa1, its Commercial Paper is P-2 and TETLP's Senior Unsecured debt rating is A3 -- Outlook: Stable
  - S&P: Spectra Energy Capital's Senior Unsecured debt rating is BBB the operating subsidiaries Senior Unsecured debt is BBB+ -- Outlook: Stable