Investor Relations Frequently Asked Questions
November 6, 2008

Questions Regarding Third Quarter 2008:

- **Why did U.S. Transmission's ongoing earnings decrease for 3Q08 compared with 3Q07?**
  - U.S. Transmission reported third quarter 2008 ongoing EBIT of $217 million, compared with $230 million in the third quarter 2007. U.S. Transmission's earnings decreased due to:
    - $26 million in higher development expenses, which was composed of $12 million of project costs expensed in 3Q08 while 3Q07 had $14 million of net project costs that were capitalized.
    - Excluding these costs, U.S. Transmission delivered strong earnings growth from expansion projects and higher earnings from capitalized interest on construction projects
    - partially offset by higher transmission, storage and G&A costs

- **What was the driver of Distribution's earnings for third quarter 2008 compared to the prior year?**
  - 3Q08 ongoing segment results were $4 million higher compared with 3Q07 primarily a result of increased storage and transportation revenues.

- **What were the drivers for Western Canadian Transmission and Processing for 3Q08 vs. 3Q07?**
  - Western Canada Transmission & Processing enjoyed another positive quarter, with ongoing EBIT of $113 million, compared with $101 million last year. Western Canada Transmission & Processing earnings increased primarily as a result of:
    - Higher earnings at Empress due to higher volumes and frac spread. Empress' year-to-date EBIT is about $150MM.
    - Gains were partially offset by higher operating expenses due to quarter-over-quarter timing and higher repair and maintenance expenses.

- **What were the earnings drivers at Field Services in 3Q08 vs. 3Q07?**
  - Field Services had another strong quarter with ongoing EBIT of $239 million, compared with $143 million in the third quarter of 2007. The 67 percent increase primarily resulted from:

    - $80 million in favorable commodity pricing
    - $25 million in derivative timing gains associated with gas marketing positions (year-to-date, this position is essentially flat)
    - $23 million in favorable DCP Midstream Partners hedge Mark-to-Market effects. Our share of DCP Midstream Partners' Mark-to-market loss was $25 million in the second quarter of this year. That amount almost totally reversed in the third quarter as a result of falling commodity prices
    - offset by about $25 million in lost business as a result of Hurricane Ike and higher O&M.

    - Crude oil averaged $118 a barrel in third quarter 2008, compared with $76 a barrel in the 2007 quarter. NGL to crude relationship for third quarter 2008 was 51 percent, down from 63 percent in the 2007 quarter. We also benefited from higher natural gas prices this quarter: Natural gas averaged about $10/MMBtu during the 2008 quarter, compared with about $6/MMBtu in third quarter 2007.
    - For the quarter, Field Services paid distributions of $269 million to Spectra Energy

- **What was your net effective income tax rate in 3Q08 compared to 3Q07?**
    - Our effective tax rate was 33% for 3Q08 compared to 32% for 3Q07. We continue to expect 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 third quarter 2008?**
    - For this quarter, the net after tax effect was about $1 million favorable compared with 3Q07. Year-to-date, the net after tax effect is a positive $24 million. Subsequent to quarter end, we've seen a recent fall back in the Canadian dollar exchange rate.

- **Given recent difficulties for companies to access the credit markets, how do you feel about your current liquidity position and ability to finance with debt when needed?**
    - Spectra continues to maintain a very stable balance sheet. In early September, we issued $500 million of debt before the crisis peaked, which was our last planned issuance of debt for 2008. We have recently seen access to the CP market improve and still have about $1.5 billion available on credit facilities as of 9/30/08.

- **What is the current level of credit facilities, the available capacity and total liquidity at 9/30/08?**
    - Our total credit facilities at 9/30/08 totaled $2.7 billion with available capacity of $1.5 billion. Total liquidity is almost $1.7 billion.

- **What is the progress of the stock repurchase plan?**
    - The $600 million repurchase plan was completed in early August, 2008.

- **Why was interest expense higher in 3Q08 compared with 3Q07?**
    - Interest expense was $163 million for the quarter, compared with $156 million for 3Q07. The increase reflects the successful completion of our planned debt issuances for 2008.

- **What were your capital expenditures for 3Q08 and year-to-date?**
    - Our 3Q08 capital expenditures totaled $605 million, $451 million for expansion and $154 million for maintenance.
    - On a year-to-date basis, we've spent $1,224 million on expansion and $311 million for maintenance, for a total of $1,535 million.

Other Questions:

- **Do you expect to exceed your $1.56 per share employee incentive target for 2008?**
    - With year to date ongoing earnings per share of $1.50, we plan to comfortably exceed our $1.56 employee incentive target for the year.

- **How do I derive the price relationship between NGL prices and crude oil prices?**
  - Using hypothetic assumptions of an oil price at $100 per barrel and an average NGL price of $1.30 per gallon, it is first necessary to come up with a gallon price equivalent for crude oil. This is done by dividing $100/barrel oil by 42 (the number of gallons in a standard barrel). So, at $100 oil, this equals $2.38 per gallon ($100/42). In this hypothetical example, the relationship of liquids prices to crude would equal 55% ($1.30/$2.38).

- **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 (Spectra Energy's impact). We do not hedge our commodity positions at Field Services, except for certain positions at DCP Midstream Partners (DPM) which are hedged to protect cash distributions. The relationship for NGL's to crude was assumed at 60%. If the relationship is lower than 60%, EBIT will decrease and if higher than 60%, EBIT will increase. At $100 per barrel crude oil price, each percentage change in the NGL to crude relationship equates to about $15 million. The relationship for NGL's to crude sensitivity increases as oil prices increase.
  - The forecast for 2008 also includes an assumption for natural gas of $8/MMBtu. Every $0.10/MMBtu change in the natural gas price equates to a $2 million change in EBIT.

- **What are the current settled and forward estimates for crude oil and natural gas?**
  - As of November 4, the current settled and forward price for the year for crude oil is a little more than $100/barrel and the NGL to crude relationship is running in the 52% range. Natural gas prices for the year are averaging a little over $9/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. The average frac spread for the first 9 months of 2008 was about $9/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 Mt. 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 10/30/08 Nymex most recent settle for Dec contract month

Commodity	Contract Month	NYMEX Price	Conversion Rate	MMBTU Price
Propane	Dec '08	0.975	10.92	**10.65**
NG HH	Dec '08	6.431		6.43
NG Alberta Basis Swap	Dec '08	-0.6575		-0.6575
Natural Gas Price at Alberta				**5.77**
Estimated Frac Spread (10.65-5.77)				**4.87**

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 $4 Billion of Capital Expenditures over 2007-2010?**
  - Yes. We continue to believe that our ability to spend $1 billion per year of capex on growth projects 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.
  - 2008 will be our peak year for capital spending on expansion projects. By year-end we will have spent about $1.6 billion in expansion capex.
  - We expect capex in 2009 to be about half of that amount due to many of our larger projects coming into service in 2008 or early 2009.

- **What level of Capital Expenditures is Spectra Energy expecting for 2008?**
  - About $2.2 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 to SEP. 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.

- **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