

Spectra Energy Corporation
Non-GAAP Reconciliation for SEC Regulation G
December 2006 Investor “Road Shows”

Anticipated Ongoing Diluted Earnings-per-share (“EPS”) Growth Percentages

The materials for Spectra Energy’s December 2006 Investor “Road Show” presentations include a discussion of the anticipated growth in ongoing diluted EPS through at least 2009 for Spectra Energy, the proposed stand-alone company consisting of Duke Energy’s natural gas businesses, slated to be spun-off entirely to Duke Energy shareholders on Jan. 2, 2007. These growth percentages are based on anticipated ongoing diluted EPS. Ongoing diluted EPS is a non-GAAP financial measure, as it represents diluted EPS from continuing operations adjusted for the per share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast any special items for future periods.

2007 Employee Incentive Target Measure

The materials for Spectra Energy’s December 2006 Investor “Road Show” presentations include a discussion of the 2007 ongoing EPS employee incentive target for Spectra Energy. The EPS measure used for employee incentive bonuses is based on ongoing diluted EPS. Ongoing diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast any special items for future periods.

Forecasted 2007 Total Ongoing Segment and Other EBIT and EBITDA

The materials for Spectra Energy's December, 2006 Investor "Road Show" presentations include a discussion of forecasted 2007 ongoing EBIT and EBITDA for Spectra Energy's reportable segments and for Other, which represents the remainder of Spectra Energy's operations. Forecasted 2007 ongoing segment and Other EBIT and EBITDA amounts are non-GAAP financial measures, as they reflect segment and Other EBIT and EBITDA, adjusted for the impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measures for forecasted ongoing segment and Other EBIT and EBITDA are reported segment and Other EBIT and depreciation and amortization from continuing operations, which includes the impact of special items. The most directly comparable GAAP measure for total ongoing segment and Other EBIT and EBITDA is reported earnings from continuing operations before income taxes, which includes the impact of special items. Due to the forward-looking nature of these non-GAAP financial measures for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast any special items for any future periods.

FFO Interest Coverage Ratio and FFO to Debt Percentage

The materials for Spectra Energy's December 2006 Investor "Road Show" presentations include a discussion of expected 2007 Funds From Operations ("FFO") interest coverage ratio and expected 2007 FFO to Debt Percentage. These items reflect non-GAAP financial measures. FFO is calculated principally by using forecasted net cash provided by operating activities on a GAAP basis, excluding forecasted changes in working capital. The numerator of the FFO interest coverage ratio includes FFO plus forecasted cash interest paid plus capitalized interest (including any AFUDC interest). The denominator in the FFO interest coverage ratio is principally GAAP interest expense increased by capitalized interest (including any AFUDC interest). Debt in the FFO to debt percentage calculation represents forecasted 2007 ending balance of long-term debt and current maturities of long-term debt, notes payable, and commercial paper.

**Spectra Energy Corp Consolidated
December 2006 Investor "Road Show"
Cash Flow Reconciliation Required by SEC Regulation G**
(\$ in Millions)

		Forecast 2007
Primary Sources:		
Ongoing net income (Based on \$1.40 per ongoing diluted share target) (1)	a	\$ 880
Depreciation & amortization	a	525
Proceeds from Vending Assets to MLP	c	350
Total Sources		1,755
Primary Uses:		
Capital expenditures	b	(1,605)
Dividends	c	(550)
Changes in Working Capital	a	(235)
Equity Earnings in excess of Distributions	a	(90)
Other sources/(uses), net	a	(65)
Total Uses		(2,545)
Net Cash Changes (represents combination of cash and cash equivalents and short-term investments)		\$ (790)
 Reconciliations to amounts per U.S. GAAP reporting:		
Operating cash flow components from above [summation of (a)]		\$ 1,015
Reconciling items to GAAP operating cash flow (2)		55
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows		\$ 1,070
 Investing cash flow components from above [item (b)]		\$ (1,605)
Reconciling items to GAAP investing cash flow		-
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows		\$ (1,605)
 Financing cash flow components from above [summation of (c)]		\$ (200)
Reconciling items to GAAP financing cash flow (3)		735
Net cash provided by financing activities per GAAP Consolidated Statement of Cash Flows		\$ 535

Notes:

- (1) Forecasted net income of \$880 million for 2007 is based on Spectra Energy's 2007 employee incentive earnings target of \$1.40 per share. The measure used for employee incentive bonuses is based on ongoing diluted earnings per share (EPS). Ongoing diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast all special items for future periods.
- (2) Amount consists of distributions to minority interests.
- (3) Amount consists of net other financing activities including debt issues, debt retirements, changes in amounts of commercial paper outstanding offset by an adjustment for distributions to minority interests.

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Balanced Portfolio Across Midstream Value Chain

The materials for Spectra Energy’s December 2006 Investor “Road Show” presentations include a discussion of the natural gas value chain and the components that comprise Spectra Energy’s operations within the midstream sector of that value chain: gathering and processing; transmission and storage; and distribution. This discussion provides an estimate of the relative contributions of each of these components to Spectra Energy’s forecasted total ongoing segment EBIT over time. Spectra Energy’s reportable segments of Gas Distribution and Gas Transmission & Processing – Western Canada include business operations within multiple components of the midstream sector.

Ongoing segment EBIT amounts are non-GAAP financial measures, as they reflect segment EBIT, adjusted for the impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for forecasted ongoing segment EBIT is reported segment EBIT from continuing operations, which includes the impact of special items. The most directly comparable GAAP measure for total ongoing segment EBIT is reported earnings from continuing operations before income taxes, which includes the impact of special items. Due to the forward-looking nature of these non-GAAP financial measures for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast any special items for any future periods.