Spectra Energy Partners, LP
Form 424B2
June 06, 2011

Table of Contents

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor do they seek to offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION PRELIMINARY PROSPECTUS DATED JUNE 6, 2011

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-158097

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus dated May 18, 2009)

Spectra Energy Partners, LP
$250,000,000 % Senior Notes due 2016
$250,000,000 % Senior Notes due 2021

We are offering $250,000,000 of our % Senior Notes due , 2016, which we call our 2016 notes, and $250,000,000 of our % Senior Notes due , 2021, which we call our 2021 notes. Interest on the notes will be paid semi-annually on and of each year, commencing , 2011. The 2016 notes will mature on , 2016 unless redeemed prior to maturity, and the 2021 notes will mature on , 2021 unless redeemed prior to maturity.

We may redeem the notes of either series, in whole or in part, at any time or from time to time prior to their maturity, as described under Description of Notes Optional Redemption.

The notes will be our senior unsecured obligations, ranking equally in right of payment with our existing and future senior indebtedness and effectively junior in right of payment to our existing and future secured indebtedness to the extent of the value of the collateral securing that indebtedness.

Investing in the notes involves risks. See Risk Factors beginning on page S-12 of this prospectus supplement.

	2016 Notes		**2021 Notes**	
	Per Note	**Total**	**Per Note**	**Total**
Initial price to public(1)	$	$	$	$
Underwriting discount and commissions	$	$	$	$
Proceeds, before expenses, to Spectra Energy Partners, LP	$	$	$	$

(1) Plus accrued interest, if any, from June , 2011, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base

prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We expect delivery of the notes will be made to investors in book-entry form through The Depository Trust Company on or about June , 2011.

Joint Book Running Managers

Wells Fargo Securities	**J.P. Morgan**	**Morgan Stanley**	**RBS**

The date of this prospectus supplement is June , 2011.

Table of Contents

Spectra Energy Partners, LP Assets

TABLE OF CONTENTS

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of notes. The second part is the accompanying base prospectus, which gives more general information, some of which may not apply to this offering of notes. Generally, when we refer only to the prospectus, we are referring to both parts combined. If the information about the notes offering varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated by reference into this prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Please read Information Incorporated by Reference on page S-39 of this prospectus supplement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying base prospectus and any free writing prospectus prepared by or on behalf of us relating to this offering of notes. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are offering to sell the notes, and seeking offers to buy the notes, only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this prospectus supplement, the accompanying base prospectus or any free writing prospectus is accurate as of any date other than the dates shown in these documents or that any information we have incorporated by reference herein is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

Table of Contents

SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying base prospectus. It does not contain all of the information that you should consider before making an investment decision. You should read this entire prospectus supplement, the accompanying base prospectus and the documents incorporated herein by reference for a more complete understanding of our business and the terms of our notes, as well as material tax and other considerations that may be important to you in making your investment decision. Please read Risk Factors beginning on page S-12 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2010 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2011 for information regarding risks you should consider before investing in our notes.

Throughout this prospectus supplement, when we use the terms we, us, our or the partnership, we are referring either to Spectra Energy Partners, LP in its individual capacity or to Spectra Energy Partners, LP and its operating subsidiaries collectively, as the context requires. References in this prospectus supplement to our general partner refer to Spectra Energy Partners (DE) GP, LP and/or Spectra Energy Partners GP, LLC, the general partner of Spectra Energy Partners (DE) GP, LP, as appropriate.

Spectra Energy Partners, LP

Spectra Energy Partners, LP, through our subsidiaries and equity affiliates, is engaged in the transportation and gathering of natural gas through interstate pipeline systems with over 3,100 miles of pipelines that serve the southeastern quadrant of the United States and the storage of natural gas in underground facilities with aggregate working gas storage capacity of approximately 49 billion cubic feet (Bcf) that are located in southeast Texas, south central Louisiana and southwest Virginia. We are a Delaware master limited partnership (MLP) formed on March 19, 2007.

We transport, gather and store natural gas for a broad mix of customers, including local gas distribution companies (LDCs), municipal utilities, interstate and intrastate pipelines, direct industrial users, electric power generators, marketers and producers, and exploration and production companies. In addition to serving the directly connected southeastern quadrant of the United States, our pipeline, storage and gathering systems have access to customers in the mid-Atlantic, northeastern and midwestern regions of the United States through numerous interconnections with major pipelines. Our rates are regulated under the Federal Energy Regulatory Commission s (FERC s) rate-making policies with the exception of Market Hub Partners Holding s (Market Hub s) intrastate storage operations and our gathering facilities.

Our operations and activities are managed by our general partner, Spectra Energy Partners (DE) GP, LP, which in turn is managed by its general partner, Spectra Energy Partners GP, LLC. Spectra Energy Partners GP, LLC is wholly owned by a subsidiary of Spectra Energy Corp (Spectra Energy). Spectra Energy is a separate, publicly traded entity which trades on the NYSE under the symbol SE. As of December 31, 2010, Spectra Energy and its subsidiaries collectively owned 69% of us and the remaining 31% was publicly owned.

Our Assets

Our primary assets include the following:

> ***East Tennessee.*** We own and operate 100% of the 1,510-mile FERC regulated East Tennessee Natural Gas LLC (East Tennessee) interstate natural gas system, which extends from central Tennessee eastward into

southwest Virginia and northern North Carolina and southward into northern Georgia. East Tennessee supports the energy demands of the southeast and mid-Atlantic regions of the United States through connections to 31 receipt points and 179 delivery points and has market delivery capability of approximately 1.5 billion cubic feet per day (Bcf/d) of natural gas. East Tennessee also owns and operates an LNG storage facility in Kingsport, Tennessee with a working gas storage capacity of 1.1 Bcf and regasification capability of 150 million cubic feet per day (MMcf/d).

Saltville. In 2008, we acquired the Saltville Gas Storage Company L.L.C. (Saltville) assets from Spectra Energy in exchange for a cash payment and additional common units in us. These facilities include 5.5 Bcf of total storage capacity and interconnect with the East Tennessee Natural Gas System in southwest Virginia. Saltville offers high deliverability salt cavern and reservoir natural gas storage capabilities and is strategically located near markets in Tennessee, Virginia and North Carolina.

Ozark. We own and operate 100% of the 565-mile Ozark Gas Transmission, LLC (Ozark Gas Transmission) interstate natural gas transportation system, which extends from southeastern Oklahoma through Arkansas to southeastern Missouri. This system has connections to 53 receipt points and 28 delivery points and market delivery capability of approximately 0.6 Bcf/d of natural gas. We also own and operate 100% of the 365-mile state regulated Ozark Gas Gathering, LLC (Ozark Gas Gathering) system that accesses the Fayetteville Shale and Arkoma natural gas production that feeds into the Ozark Gas Transmission system.

Gulfstream. Following the acquisition of an additional 24.5% interest from a subsidiary of Spectra Energy in the fourth quarter 2010, we own a 49% interest in the 745-mile Gulfstream Natural Gas System, LLC (Gulfstream) interstate natural gas transportation system which extends from Pascagoula, Mississippi and Mobile, Alabama across the Gulf of Mexico and into Florida. The Gulfstream pipeline currently includes approximately 295 miles of onshore pipeline in Florida, 15 miles of onshore pipeline in Alabama and Mississippi, and 435 miles of offshore pipeline in the Gulf of Mexico. Facilities also include gas treatment facilities and a compressor station in Coden, Alabama. Gulfstream supports the south and central Florida markets through its connection to eight receipt points and 23 delivery points and has market delivery capability of 1.29 Bcf/d of natural gas. Spectra Energy and affiliates of The Williams Companies, Inc. (Williams) own the remaining 1.0% and 50% interests in Gulfstream, respectively, and jointly operate the system.

Market Hub. We own a 50% interest in Market Hub, which owns and operates two high-deliverability salt cavern natural gas storage facilities the Egan facility and the Moss Bluff facility. These storage facilities are capable of being fully or partially filled and depleted, or cycled, multiple times per year. Market Hub s storage facilities offer access to traditional Gulf of Mexico natural gas supplies, onshore Texas and Louisiana supplies, mid-continent production, non-conventional (shale and tight-sands) onshore production, and imports of LNG to the Gulf Coast. Spectra Energy owns the remaining 50% interest in Market Hub and operates the system.

Our principal executive offices are located at 5400 Westheimer Court, Houston, Texas 77056, and our telephone number is 713-627-5400.

Business Strategies

Our primary business objective is to grow unitholder value over time by executing the following strategies:

Optimize Existing Assets and Achieve Additional Operating Efficiencies. We intend to enhance the profitability of our existing assets by undertaking additional initiatives to enhance utilization, improve operating efficiencies and develop rate and contract structures that create value for our customers.

Deliver on Organic Growth Opportunities. We continually evaluate organic expansion opportunities in existing and new markets that could allow us to increase value and cash distributions to our investors.

Table of Contents

Opportunistically Pursue Acquisitions. We may expand our existing natural gas transportation and storage businesses by pursuing acquisitions that add value and fit our fee-based business model. We would pursue acquisitions in areas where our assets currently operate that provide the opportunity for operational efficiencies or higher capacity utilization of existing assets, as well as acquisitions in complementary fee-based operations or new geographic areas of operation in order to grow the scale of our business. Our recently announced Big Sandy Acquisition is an example of such an opportunity. Please read Recent Developments Big Sandy Acquisition.

While we have set forth our business strategies above, our business involves numerous risks and uncertainties which may prevent us from executing these strategies. These risks include difficulties in completing existing expansion or organic growth projects or identifying economically attractive new expansion and organic growth opportunities, adverse impacts of regulations affecting our assets, difficulties in securing additional contracts for capacity on our systems, the loss of certain key customers, and the potential inability to identify or consummate accretive acquisitions. For a more complete description of the risks associated with an investment in us, please read Risk Factors.

Recent Developments

Big Sandy Acquisition On May 11, 2011, we entered into an agreement to acquire all of the ownership interests in Big Sandy Pipeline, LLC (Big Sandy) from Equitrans, L.P. for approximately $390 million, subject to customary closing adjustments. Big Sandy s primary asset is an approximately 70-mile FERC-regulated natural gas pipeline system in eastern Kentucky with capacity of 171,000 dekatherms per day and firm, long-term transportation agreements. The Big Sandy natural gas pipeline system connects Appalachian Basin and Huron Shale natural gas supplies to Mid-Atlantic and Northeast markets. Pursuant to the provisions of the purchase agreement, EQT Corporation will be the main shipper on the Big Sandy natural gas pipeline.

We currently expect the acquisition to close in the third quarter of 2011, subject to Hart-Scott-Rodino approval and other customary closing conditions. We can provide no assurance that the acquisition will be completed, as certain of those closing conditions are out of our control. We expect long-term financing for the transaction to be a combination of debt and equity. However, this offering is not conditioned upon the completion of the acquisition.

Our Relationship with Spectra Energy

One of our principal competitive strengths is our relationship with Spectra Energy, which owns our general partner and a significant limited partner interest in us. Spectra Energy, through its subsidiaries and equity affiliates (including us and our subsidiaries), owns and operates a large and diversified portfolio of complementary natural gas-related energy assets and is one of North America s leading natural gas infrastructure companies. Spectra Energy operates in three key areas of the natural gas industry: gathering and processing, transmission and storage, and distribution. Based in Houston, Texas, Spectra Energy provides transportation and storage of natural gas to customers in various regions of the northeastern and southeastern United States, the Maritime Provinces in Canada and the Pacific Northwest in the United States and Canada, and in the province of Ontario, Canada. Spectra Energy also provides natural gas sales and distribution services to retail customers in Ontario, and natural gas gathering and processing services to customers in western Canada. Spectra Energy s natural gas pipeline systems consist of over 19,000 miles of transmission pipelines. Spectra Energy s storage facilities provide approximately 305 Bcf of storage capacity in the United States and Canada. In addition, Spectra Energy holds a 50% ownership interest in DCP Midstream, LLC, one of the largest natural gas gatherers and processors in the United States, based in Denver, Colorado. As of March 31, 2011, DCP Midstream, LLC owned the general partner and a 26% limited partner interest in DCP Midstream Partners, LP, which is a midstream master limited partnership.

Table of Contents

Ownership of Spectra Energy Partners, LP

The chart below depicts our organization and ownership structure as of the date of this prospectus supplement.

THE OFFERING

Issuer	Spectra Energy Partners, LP
Notes Offered	$250.0 million aggregate principal amount of % Senior Notes due 2016, and $250.0 million aggregate principal amount of % Senior Notes due 2021.
Interest Rate	Interest will accrue on the 2016 notes from June , 2011 at a rate of % per annum, and interest will accrue on the 2021 notes from June , 2011 at a rate of % per annum.
Interest Payment Dates	Interest will be payable semi-annually in arrears on and of each year, beginning on , 2011.
Maturity	The 2016 notes will mature on , 2016, and the 2021 notes will mature on , 2021.
Use of Proceeds	We expect to receive net proceeds from this offering of approximately $ million, after deducting underwriting discounts and estimated offering expenses, and assuming no discount from par. We intend to use the net proceeds of this offering to repay all of the outstanding borrowings under our term loan, to repay all but approximately $40.0 million of the funds borrowed under our credit facility and for general partnership purposes. Following this offering, we will have the ability to fully fund the Big Sandy acquisition through new borrowings under our credit facility and the proceeds from the sale of marketable securities that previously collateralized our term loan. See Use of Proceeds. Certain affiliates of the underwriters are lenders under our credit facility and as such will receive a substantial portion of the proceeds from this offering. See Underwriting Conflicts of Interest.
Ranking	The notes will be our senior unsecured obligations. The notes will rank equally in right of payment with all of our other existing and future senior indebtedness, effectively junior in right of payment to our existing and future secured indebtedness to the extent of the value of the collateral securing that indebtedness and senior to any of our future subordinated indebtedness. Assuming we had completed this offering on March 31, 2011, we would have had approximately $70.5 million of indebtedness outstanding ranking equally in right of payment to the notes offered hereby and no secured indebtedness. See Description of Notes General. The notes will effectively rank junior to all existing and future indebtedness and other obligations of our subsidiaries. As of March 31, 2011, our subsidiaries had $150.0 million of indebtedness outstanding.

Optional Redemption	At our option, any or all of the notes of either series may be redeemed, in whole or in part, at any time prior to maturity. If we elect to redeem the 2016 notes before the date that is one month prior to the maturity date of that series or the 2021 notes before the date that is three months prior to the maturity date

Table of Contents

	of that series, we will pay an amount equal to the greater of 100% of the principal amount of the notes redeemed, or the sum of the present values of the remaining scheduled payments of principal and interest on the notes, plus a make-whole premium. If we elect to redeem the notes of the applicable series on or after the date described in the preceding sentence, we will pay an amount equal to 100% of the principal amount of the notes redeemed. We will pay accrued interest on the notes redeemed to the redemption date. See Description of Notes Optional Redemption.
Certain Covenants	We will issue the notes under an indenture with Wells Fargo Bank, National Association, as trustee. The indenture will contain covenants that, among other things, limit our ability and the ability of certain of our subsidiaries to: create liens on our principal properties; engage in sale and leaseback transactions; and merge or consolidate with another entity or sell, lease or otherwise dispose of substantially all of our assets to another entity. These covenants are subject to a number of important exceptions, limitations and qualifications. See Description of Notes Certain Covenants.
Further Issuances	We may, from time to time, without notice to or the consent of the holders of the notes of either series, issue additional notes of that series having the same interest rate, maturity and other terms as the notes offered hereby. Any such additional notes will constitute a single series under the indenture with the notes of that series offered hereby.
Listing and Trading	We do not intend to list the notes for trading on any securities exchange. We can provide no assurance as to the liquidity of, or development of any trading market for, the notes of either series.
Governing Law	The indenture and the notes will be governed by, and construed in accordance with, the laws of the state of New York.
Book-Entry, Delivery and Form	The notes will be issued in registered form, without interest coupons, in denominations of $2,000 and integral multiples of $1,000 in excess thereof. Each series of the notes will be represented by one or more permanent global notes in book-entry form. The global notes will be deposited with or on behalf of The Depository Trust Company (DTC) and registered in the name of Cede & Co., as nominee of DTC.
Trustee	Wells Fargo Bank, National Association.
Risk Factors	Investing in the notes involves risks. See Risk Factors beginning on page S-12 of this prospectus supplement for information regarding risks you should consider before investing in the notes.

SUMMARY HISTORICAL FINANCIAL AND OPERATING DATA

The following table sets forth our summary historical financial and operating data as of and for the dates and periods indicated and certain financial information for Gulfstream and Market Hub. Our summary historical financial data as of December 31, 2009 and 2010 and for the years ended December 31, 2008, 2009 and 2010 are derived from our audited financial statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2010 incorporated by reference into this prospectus supplement. Our summary historical financial data as of March 31, 2010 and 2011 and for the three month periods ended March 31, 2010 and 2011 are derived from our unaudited financial statements.

	Three Months Ended March 31,		Years Ended December 31,		
	2011	2010	2010	2009	2008
	(in millions, except per-unit amount and operating data)				
Statement of Operations Data:					
Total operating revenues	$ 51.2	$ 50.5	$ 197.7	$ 178.9	$ 124.9
Operating, maintenance, and other expenses	18.3	18.1	80.6	67.6	46.7
Depreciation and amortization	7.8	7.4	29.4	28.5	26.3
Operating income	25.1	25.0	87.7	82.8	51.9
Equity in earnings of unconsolidated affiliates	27.8	18.4	75.1	70.7	61.4
Other income and expenses, net	0.5		0.8	0.1	0.9
Interest income	0.1		0.1	0.2	3.5
Interest expense	4.2	4.0	16.2	16.7	17.8
Income tax expense (benefit)	0.4	0.3	(0.4)	1.2	(1.4)
Net income	$ 48.9	$ 39.1	$ 147.9	$ 135.9	$ 101.3
Net income per limited partner unit basic and diluted	$ 0.50	$ 0.46	$ 1.70	$ 1.71	$ 1.40
Balance Sheet Data (at period end):					
Total assets	$ 2,205.7		$ 2,222.5	$ 1,812.5	$ 1,601.5
Property, plant and equipment, net	951.0		941.5	945.3	815.2
Investment in unconsolidated affiliates	737.5		728.6	536.3	573.3
Long-term debt	632.2		655.8	390.0	390.0
Total partners capital	1,500.9		1,494.4	1,348.5	1,118.4
Other Financial Data:					
Spectra Energy Partners					
Net cash provided by operating activities	$ 57.6	$ 51.8	$ 184.8	$ 159.7	$ 139.2
Adjusted EBITDA	32.9	32.4	117.1	111.3	78.2
Net cash paid for interest expense	1.9	1.7	15.7	16.2	14.3
Maintenance capital expenditures	2.6	1.0	14.8	16.3	11.3
Cash available for distribution(a)	69.7	55.7	174.5	158.1	120.6

Ratio of earnings to fixed charges	11.7x		10.3x	13.2x	6.9x
Gulfstream Spectra Energy Partners share(b)					
Adjusted EBITDA	29.3	14.4	63.0	53.5	42.9
Cash available for distribution	29.1	14.4	43.0	38.2	30.7
Market Hub 50.0%					
Adjusted EBITDA	12.4	11.7	46.7	46.5	39.0
Cash available for distribution	12.2	11.6	45.6	40.8	36.0

Table of Contents

	Three Months Ended March 31,		Years Ended December 31,		
	2011	2010	2010	2009	2008
	(in millions, except per-unit amount and operating data)				
Operating Data:					
East Tennessee 100% basis					
Transportation capacity (Bcf/d)	1.544	1.545	1.545	1.536	1.370
Contracted firm capacity (Bcf/d)	1.453	1.448	1.448	1.428	1.311
Transported volumes (Bcf)	78.8	76.3	263.0	243.2	227.9
Ozark 100% basis					
Transportation capacity (Bcf/d)	0.574	0.543	0.543	0.500	(c)
Contracted firm capacity (Bcf/d)	0.553	0.543	0.543	0.480	(c)
Transported volumes (Bcf)	24.1	36.1	162.0	193.0	(c)
Gulfstream 100% basis					
Transportation capacity (Bcf/d)	1.270	1.263	1.263	1.258	1.114
Contracted firm capacity (Bcf/d)	1.270	1.263	1.263	1.093	0.740
Transported volumes (Bcf)	102.8	98.0	429.7	384.0	297.8
Market Hub 100% basis					
Storage capacity (Bcf)	43.0	43.0	43.0	43.0	37.0
Saltville 100% basis					
Storage capacity (Bcf)	5.5	5.5	5.5	5.5	5.5

(a) Cash Available for Distribution of Spectra Energy Partners includes Cash Available for Distribution from Gulfstream and Market Hub.

(b) During the fourth quarter of 2010, we purchased an additional 24.5% interest in Gulfstream, which is accounted for as an equity method investment. The equity earnings related to the additional interest were recorded as of the date of the acquisition.

(c) Represents periods prior to the purchase of Ozark.

Non-GAAP Financial Measures

The financial information included in Summary Historical Financial and Operating Data includes the non-GAAP financial measures of Adjusted EBITDA and Cash Available for Distribution.

Adjusted EBITDA We define our Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) as Net Income plus Interest Expense, Income Taxes and Depreciation and Amortization less our Equity in Earnings of Gulfstream and Market Hub, Interest Income, and Other Income and Expenses, Net, which primarily consists of non-cash Allowance for Funds Used During Construction. Our Adjusted EBITDA is not a presentation made in accordance with GAAP. Because Adjusted EBITDA excludes some, but not all, items that affect net income and is defined differently by companies in our industry, our definition of Adjusted EBITDA may not be comparable to similarly titled measures of other companies. Adjusted EBITDA should not be considered an alternative to Net Income, Operating Income, cash from operations or any other measure of financial performance or liquidity presented in accordance with GAAP.

Adjusted EBITDA is used as a supplemental financial measure by our management and by external users of our financial statements to assess:

- the financial performance of assets without regard to financing methods, capital structure or historical cost basis;

Table of Contents

the ability to generate cash sufficient to pay interest on indebtedness and to make distributions to partners; and

operating performance and return on invested capital as compared to those of other publicly traded limited partnerships that own energy infrastructure assets, without regard to financing methods and capital structure.

Cash Available for Distribution We define Cash Available for Distribution as our Adjusted EBITDA plus Cash Available for Distribution from Gulfstream and Market Hub and net preliminary project costs, less net cash paid for interest expense, cash paid for income tax expense, and maintenance capital expenditures, excluding the impact of reimbursable projects. Cash Available for Distribution does not reflect changes in working capital balances. Cash Available for Distribution for Gulfstream and Market Hub is defined on a basis consistent with us. Cash Available for Distribution should not be viewed as indicative of the actual amount of cash we plan to distribute for a given period.

Cash Available for Distribution should not be considered an alternative to Net Income, Operating Income, cash from operations or any other measure of financial performance or liquidity presented in accordance with GAAP. Cash Available for Distribution excludes some, but not all, items that affect Net Income and Operating Income and these measures may vary among other companies. Therefore, Cash Available for Distribution as presented may not be comparable to similarly titled measures of other companies.

Spectra Energy Partners

Reconciliation of Non-GAAP Adjusted EBITDA and Cash Available for Distribution to GAAP Net Income

	Three Months Ended March 31,		Years Ended December 31,		
	2011	2010	2010	2009	2008
			(in millions)		
Net income	$ 48.9	$ 39.1	$ 147.9	$ 135.9	$ 101.3
Add:					
Interest expense	4.2	4.0	16.2	16.7	17.8
Income tax expense (benefit)	0.4	0.3	(0.4)	1.2	(1.4)
Depreciation and amortization	7.8	7.4	29.4	28.5	26.3
Less:					
Equity in earnings of Gulfstream	16.8	8.1	35.5	30.4	27.5
Equity in earnings of Market Hub	11.0	10.3	39.6	40.3	33.9
Interest income	0.1		0.1	0.2	3.5
Other income and expenses, net	0.5		0.8	0.1	0.9
Adjusted EBITDA	32.9	32.4	117.1	111.3	78.2
Add:					
Cash Available for Distribution from Gulfstream	29.1	14.4	43.0	38.2	30.7
Cash Available for Distribution from Market Hub	12.2	11.6	45.6	40.8	36.0
Preliminary project costs, net				0.4	2.2
Less:					
Cash paid for interest expense, net	1.9	1.7	15.7	16.2	14.3

Cash paid for income tax expense			0.7	0.1	0.9
Maintenance capital expenditures	2.6	1.0	14.8	16.3	11.3
Cash Available for Distribution	$ 69.7	$ 55.7	$ 174.5	$ 158.1	$ 120.6

Table of Contents

Spectra Energy Partners

Reconciliation of Non-GAAP Adjusted EBITDA and Cash Available for Distribution to GAAP Net cash provided by operating activities

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Years Ended December 31, 2010	Years Ended December 31, 2009	Years Ended December 31, 2008
	(in millions)				
Net cash provided by operating activities	$ 57.6	$ 51.8	$ 184.8	$ 159.7	$ 139.2
Interest income	(0.1)		(0.1)	(0.2)	(3.5)
Interest expense	4.2	4.0	16.2	16.7	17.8
Income tax expense current	0.1	0.1	0.6		0.6
Distributions received from Gulfstream and Market Hub	(24.7)	(19.4)	(81.1)	(74.3)	(71.7)
Changes in operating working capital and other	(4.2)	(4.1)	(3.3)	9.4	(4.2)
Adjusted EBITDA	32.9	32.4	117.1	111.3	78.2
Add:					
Cash Available for Distribution from Gulfstream	29.1	14.4	43.0	38.2	30.7
Cash Available for Distribution from Market Hub	12.2	11.6	45.6	40.8	36.0
Preliminary project costs, net				0.4	2.2
Less:					
Cash paid for interest expense, net	1.9	1.7	15.7	16.2	14.3
Cash paid for income tax expense			0.7	0.1	0.9
Maintenance capital expenditures	2.6	1.0	14.8	16.3	11.3
Cash Available for Distribution	$ 69.7	$ 55.7	$ 174.5	$ 158.1	$ 120.6

Gulfstream

Reconciliation of Non-GAAP Adjusted EBITDA and Cash Available for Distribution to GAAP Net Income

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Years Ended December 31, 2010	Years Ended December 31, 2009	Years Ended December 31, 2008
	(in millions)				
Net income	$ 34.3	$ 33.0	$ 131.6	$ 124.0	$ 110.8
Add:					
Interest expense	17.2	17.5	69.8	61.3	45.0
Depreciation and amortization	8.8	8.7	35.0	34.5	30.3

Less:					
Other income and expenses, net	0.4	0.3	0.9	1.4	11.1
Adjusted EBITDA 100%	59.9	58.9	235.5	218.4	175.0
Add:					
Preliminary project costs, net	0.2		0.6	(1.3)	1.1
Less:					
Cash paid for interest expense, net			70.3	60.1	49.5
Maintenance capital expenditures	0.7	0.1	1.3	0.9	1.3
Cash Available for Distribution 100%	$ 59.4	$ 58.8	$ 164.5	$ 156.1	$ 125.3
Adjusted EBITDA Spectra Energy Partners share(a)	$ 29.3	$ 14.4	$ 63.0	$ 53.5	$ 42.9
Cash Available for Distribution Spectra Energy Partners share(a)	$ 29.1	$ 14.4	$ 43.0	$ 38.2	$ 30.7

(a) During the fourth quarter of 2010, we purchased an additional 24.5% interest in Gulfstream, which is accounted for as an equity method investment. The equity earnings related to the additional interest were recorded as of the date of the acquisition.

Market Hub

Reconciliation of Non-GAAP Adjusted EBITDA and Cash Available for Distribution to GAAP Net Income

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010	Years Ended December 31, 2010	Years Ended December 31, 2009	Years Ended December 31, 2008
			(in millions)		
Net income	$ 22.1	$ 20.5	$ 79.3	$ 80.8	$ 69.3
Add:					
Interest expense			0.1	0.1	1.0
Income tax expense	0.1	0.1	0.2	0.2	0.4
Depreciation and amortization	2.6	3.5	14.5	12.1	10.6
Less:					
Interest income	0.1	0.1	0.2	0.3	3.1
Other income and expenses, net		0.6	0.6		0.2
Adjusted EBITDA 100%	$ 24.7	$ 23.4	$ 93.3	$ 92.9	$ 78.0
Less:					
Cash paid for interest expense, net			(0.1)	7.1	
Cash paid for income tax expense			0.3	0.5	
Maintenance capital expenditures	0.4	0.2	2.0	3.8	5.9
Cash Available for Distribution 100%	$ 24.3	$ 23.2	$ 91.1	$ 81.5	$ 72.1
Adjusted EBITDA 50%	$ 12.4	$ 11.7	$ 46.7	$ 46.5	$ 39.0
Cash Available for Distribution 50%	$ 12.2	$ 11.6	$ 45.6	$ 40.8	$ 36.0

RISK FACTORS

Before making an investment in the notes offered hereby, you should carefully consider the risk factors below and the risk factors included in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2010 and our Quarterly Report on Form 10-Q for the three months ended March 31, 2011, together with all of the other information included or incorporated by reference in this prospectus. If any of these risks were to occur, our business, financial condition or results of operations could be materially adversely affected.

Risks Related to the Notes

Your ability to transfer the notes at a time or price you desire may be limited by the absence of an active trading market, which may not develop.

Although we have registered the notes under the Securities Act of 1933, as amended, or the Securities Act, we do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes in any automated dealer quotation system. In addition, although the underwriters have informed us that they intend to make a market in the notes of each series, as permitted by applicable laws and regulations, they are not obligated to make a market in the notes of either series, and they may discontinue their market-making activities at any time without notice. An active market for the notes of either series may not exist or develop or, if developed, may not continue. In the absence of an active trading market, you may not be able to transfer the notes within the time or at the price you desire.

The notes will be our senior unsecured obligations and not guaranteed by any of our subsidiaries. As a result, the notes will be effectively junior to outstanding and future secured debt to the extent of the value of the collateral therefore and structurally junior to all indebtedness and other liabilities of our subsidiaries.

The notes will be our senior unsecured obligations and will rank equally in right of payment with all of our other existing and future senior indebtedness, including indebtedness under our credit facility. All of our operating assets are owned by our subsidiaries and none of these subsidiaries will guarantee our obligations with respect to the notes. Creditors of our subsidiaries may have claims with respect to the assets of those subsidiaries that rank effectively senior to the notes. In the event of any distribution or payment of assets of such subsidiaries in any dissolution, winding up, liquidation, reorganization or bankruptcy proceeding, the claims of those creditors would be satisfied prior to making any such distribution or payment to us in respect of our direct or indirect equity interests in such subsidiaries. Consequently, after satisfaction of the claims of such creditors, there may be little or no amounts left available to make payments in respect of the notes. As of March 31, 2011, our subsidiaries had $150.0 million of indebtedness for borrowed money from unaffiliated third parties. In addition, our subsidiaries are not prohibited under the indenture from incurring indebtedness in the future.

In addition, because the notes are unsecured, holders of any secured indebtedness we might incur in the future would have claims with respect to the assets constituting collateral for such indebtedness that are senior to the claims of the holders of the notes. Although the indenture governing the notes places some limitations on our ability to create liens securing debt, there are significant exceptions to these limitations that will allow us to secure significant amounts of indebtedness we might incur in the future without equally and ratably securing the notes. If we incur secured indebtedness and such indebtedness is either accelerated or becomes subject to a bankruptcy, liquidation or reorganization, our assets would be used to satisfy obligations with respect to the indebtedness secured thereby before any payment could be made on the notes. Consequently, any such secured indebtedness would effectively be senior to the notes, to the extent of the value of the collateral securing the secured indebtedness. In that event, you may not be able to recover all the principal or interest you are due under the notes.

Our significant indebtedness and the restrictions in our debt agreements may adversely affect our future financial and operating flexibility.

As of March 31, 2011, our consolidated indebtedness was $662.7 million, and after giving effect to this offering, our consolidated indebtedness would have been $720.5 million. As of March 31, 2011, the

Table of Contents

remaining availability under our credit facility was $188.4 million, and after giving effect to this offering, the availability under our credit facility will be $460.0 million. Our substantial indebtedness and the additional debt we may incur in the future for potential acquisitions may adversely affect our liquidity and therefore our ability to make interest payments on the notes.

Our level of debt could have important consequences, including the following:

- our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;

- we will need a substantial portion of our cash flow to make principal and interest payments on our indebtedness, reducing the funds that would otherwise be available for operations, future business opportunities and distributions to unitholders;

- our debt level could make us more vulnerable than our competitors with less debt to competitive pressures or a down