Spectra Energy Corp.
Form 424B3
December 11, 2012
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The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-166446

Subject to Completion

Preliminary Prospectus Supplement dated December 11, 2012

PROSPECTUS SUPPLEMENT

(To Prospectus dated April 30, 2010)

12,800,000 Shares

Spectra Energy Corp

Common Stock

We are offering 12,800,000 shares of common stock to be sold in this offering. Our common stock is traded on the New York Stock Exchange under the symbol SE. On December 10, 2012, the last sale price of our common stock as reported on the New York Stock Exchange was $27.34 per share.

Investing in the common stock involves risks that are described in the Risk Factors section beginning on page S-9 of this prospectus supplement.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

We have granted the underwriters an option for a period of 30 days from the date of this prospectus supplement to purchase up to an additional 1,920,000 common shares at the public offering price, less the underwriting discount.

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

The shares will be ready for delivery on or about December , 2012.

Joint Book-Running Managers

BofA Merrill Lynch **Barclays** **UBS Investment Bank**

The date of this prospectus supplement is December , 2012.

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Prospectus Supplement

Prospectus

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. In the event that the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or any free writing prospectus prepared by or on behalf of us. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates

NOTICE TO PROSPECTIVE INVESTORS IN THE DUBAI INTERNATIONAL FINANCIAL CENTRE: Please read Underwriting in this prospectus supplement for important information.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus supplement and the accompanying prospectus contain or incorporate by reference statements that do not directly or exclusively relate to historical facts. Such statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You can typically identify forward-looking statements by the use of forward-looking words, such as anticipate, believe, intend, estimate, expect, continue, should, could, may, plan, project, predict, will, potential, forecast, and other similar expressions. Those s our intentions, plans, expectations, assumptions and beliefs about future events. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to, those factors set forth in the section of this prospectus supplement entitled Risk Factors beginning on page S-9, and the other information contained in our publicly available filings with the Securities and Exchange Commission (the SEC) including the section captioned Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, which has been filed with the SEC and is incorporated by reference into this prospectus supplement, as well as the following:

state, federal and foreign legislative and regulatory initiatives that affect cost and investment recovery, have an effect on rate structure, and affect the speed at and degree to which competition enters the natural gas and oil industries;

outcomes of litigation and regulatory investigations, proceedings or inquiries;

weather and other natural phenomena, including the economic, operational and other effects of hurricanes and storms;

the timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates;

general economic conditions, including the risk of a prolonged economic slowdown or decline, or the risk of delay in a recovery, which can affect the long-term demand for natural gas and oil and related services;

potential effects arising from terrorist attacks and any consequential or other hostilities;

changes in environmental, safety and other laws and regulations;

the development of alternative energy resources;

results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings and general market and economic conditions;

increases in the cost of goods and services required to complete capital projects;

declines in the market prices of equity securities and resulting funding requirements for defined benefit pension plans;

growth in opportunities, including the timing and success of efforts to develop U.S. and Canadian pipeline, storage, gathering, processing and other infrastructure projects and the effects of competition;

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- the performance of natural gas and oil transmission and storage, distribution, and gathering and processing facilities;
- the extent of success in connecting natural gas and oil supplies to gathering, processing and transmission systems and in connecting to expanding gas and oil markets;
- the effects of accounting pronouncements issued periodically by accounting standard-setting bodies;
- conditions of the capital markets during the periods covered by the forward-looking statements; and
- the ability to successfully complete merger, acquisition or divestiture plans, including the acquisition of the Express-Platte Pipeline System described in this prospectus supplement; regulatory or other limitations imposed as a result of a merger, acquisition or divestiture; and the success of the business following a merger, acquisition or divestiture.

In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than we have described. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information from this prospectus supplement and the accompanying prospectus, but does not contain all information that may be important to you. You should read carefully the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other documents to which we refer you for a more complete understanding of this offering and our business. You should also read Risk Factors beginning on page S-9 of this prospectus supplement and the section captioned Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2011, which has been filed with the SEC and is incorporated by reference into this prospectus supplement, for more information about important risks that you should consider before making a decision to purchase any shares of common stock in this offering. The information presented in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional shares, unless otherwise indicated. References to Spectra Energy, us, we, our, and like terms refer to Spectra Energy Corp together with its subsidiaries and unconsolidated affiliates.

Spectra Energy Corp

We, through our subsidiaries and equity affiliates, own and operate a large and diversified portfolio of complementary natural gas-related energy assets and are one of North America s leading natural gas infrastructure companies. For over a century, we and our predecessor companies have developed critically important pipelines and related energy infrastructure connecting natural gas supply sources to premium markets. We currently operate in three key areas of the natural gas industry: gathering and processing, transmission and storage, and distribution. Headquartered in Houston, Texas, we provide 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. We also provide natural gas sales and distribution service to retail customers in Ontario, and natural gas gathering and processing services to customers in western Canada. We also have a 50% ownership interest in DCP Midstream, LLC (DCP Midstream), one of the largest natural gas gatherers and processors in the United States, based in Denver, Colorado. Our business includes a 61% equity interest in Spectra Energy Partners, LP (Spectra Energy Partners), a natural gas infrastructure master limited partnership. Spectra Energy Partners is a separate, publicly traded entity which trades on the New York Stock Exchange under the symbol SEP.

Our natural gas pipeline systems consist of more than 19,000 miles of transmission pipelines. For 2011, our proportional throughput for our pipelines totaled 4,329 trillion British thermal units (TBtu), compared to 4,248 TBtu in 2010 and 3,987 TBtu in 2009. These amounts include throughput on 100%-owned U.S. and Canadian pipelines and our proportional share of throughput on pipelines that are not 100%-owned. Our storage facilities provide approximately 305 billion cubic feet (Bcf) of storage capacity in the United States and Canada.

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Business Strategy

Our focus is on leading the natural gas infrastructure industry in terms of safe and reliable operations, customer responsiveness and profitability. Through our network of people and assets, we strive to increase our size, financial flexibility and services to meet the changing needs of our customers. Our primary business objective is to create superior and sustainable value for our investors, customers, employees and communities by providing natural gas gathering, processing, transmission, storage and distribution services.

Our Businesses

We currently manage our business in four reportable segments: U.S. Transmission, Distribution, Western Canada Transmission & Processing, and Field Services. The remainder of our business operations is presented as Other, and consists of unallocated corporate costs, wholly owned captive insurance subsidiaries, employee benefit plan assets and liabilities, and other miscellaneous activities. The following sections describe the operations of each of our businesses.

U.S. Transmission

Our U.S. Transmission business provides transportation and storage of natural gas for customers in various regions of the northeastern and southeastern United States and the Maritime Provinces in Canada. Our U.S. pipeline systems consist of more than 14,600 miles of transmission pipelines with eight primary transmission systems: Texas Eastern Transmission, LP (Texas Eastern), Algonquin Gas Transmission, LLC, East Tennessee Natural Gas, LLC, Maritimes & Northeast Pipeline, L.L.C. and Maritimes & Northeast Pipeline Limited Partnership, Ozark Gas Transmission, L.L.C., Big Sandy Pipeline, LLC, Gulfstream Natural Gas System, LLC and Southeast Supply Header, LLC. The pipeline systems in our U.S. Transmission business receive natural gas from major North American producing regions for delivery to their respective markets. A majority of contracted transportation volumes are under long-term firm service agreements. Interruptible services are provided on a short-term or seasonal basis.

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U.S. Transmission provides storage services through Saltville Gas Storage Company L.L.C., Market Hub Partners Holding s Moss Bluff and Egan storage facilities, Steckman Ridge, LP, Bobcat Gas Storage and Texas Eastern s facilities. Gathering services are provided through Ozark Gas Gathering, L.L.C. In the course of providing transportation services, U.S. Transmission also processes natural gas on its Texas Eastern system.

U.S. Transmission s proportional throughput for its pipelines totaled 2,770 TBtu in 2011, compared to 2,708 TBtu in 2010 and 2,574 TBtu in 2009. This includes throughput on wholly owned pipelines and our proportional share of throughput on pipelines that are not wholly owned. Demand on the pipeline and storage systems is seasonal, with the highest throughput occurring during colder periods in the first and fourth calendar quarters, and storage injections occurring primarily during the summer periods. Actual throughput and storage injections/withdrawals do not have a significant impact on revenues or earnings.

Distribution

We provide distribution services in Canada through our subsidiary, Union Gas Limited (Union Gas). Union Gas is a major Canadian natural gas storage, transmission and distribution company based in Ontario with over 100 years of experience and service to customers. The distribution business serves approximately 1.4 million residential, commercial and industrial customers in more than 400 communities across northern, southwestern and eastern Ontario. Union Gas growing storage and transmission business offers storage and transportation services to customers at the Dawn Hub, the largest underground storage facility in Canada and one of the largest in North America. It offers customers an important link in the movement of natural gas from Western Canada and U.S. supply basins to markets in central Canada and the northeast United States. Dawn Hub is critical in providing service to the high winter seasonal demand of Eastern Canada and electric generation in the summer.

Union Gas distribution system consists of approximately 39,000 miles of main and service pipelines. Distribution pipelines carry or control the supply of natural gas from the point of local supply to customers. Union Gas underground natural gas storage facilities have a working capacity of approximately 160 Bcf in underground facilities located in depleted gas fields. Its transmission system consists of approximately 3,000 miles of high-pressure pipeline and six mainline compressor stations.

Western Canada Transmission & Processing

Our Western Canada Transmission & Processing business is comprised of the BC Pipeline and BC Field Services operations, and the Natural Gas Liquids (NGL) Marketing and Canadian Midstream operations.

BC Pipeline and BC Field Services provide fee-based natural gas transportation and gas gathering and processing services. BC Pipeline is regulated by the National Energy Board (NEB) under full cost-of-service regulation and transports processed natural gas from facilities primarily in northeast British Columbia (BC) to markets in BC, Alberta and the U.S. Pacific Northwest. BC Pipeline has approximately 1,725 miles of transmission pipeline in BC and Alberta, as well as mainline compressor stations. Throughput for the BC Pipeline totaled 713 TBtu in 2011, compared to 627 TBtu in 2010 and 604 TBtu in 2009.

The BC Field Services business consists of raw gas gathering pipelines and gas processing facilities, primarily in northeast BC. These facilities provide services to natural gas producers to remove impurities from the raw gas stream including water, carbon dioxide, hydrogen sulfide and other substances. Where required, these facilities also remove various NGLs for subsequent sale by the producers. NGLs are liquid hydrocarbons extracted during the processing of natural gas. Principal commercial NGLs include butanes, propane, natural gasoline and ethane. The BC Field Services business includes five gas processing plants located in BC, field compressor stations and approximately 1,550 miles of gathering pipelines.

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The Canadian Midstream business provides similar gas gathering and processing services in BC and Alberta and consists of 11 natural gas processing plants and approximately 650 miles of gathering pipelines.

The Empress NGL business provides NGL extraction, fractionation, transportation, storage and marketing services to western Canadian producers and NGL customers throughout Canada and the northern tier of the United States. Assets include a majority ownership interest in an NGL extraction plant, an integrated NGL fractionation facility, an NGL transmission pipeline, seven terminals where NGLs are loaded for shipping or transferred into product sales pipelines, NGL storage facilities and an NGL marketing business. The Empress extraction and fractionation plant is located in Empress, Alberta.

Field Services

Field Services consists of our 50% investment in DCP Midstream, which is accounted for as an equity investment. DCP Midstream gathers, processes, treats, compresses, transports and stores natural gas. In addition, DCP also fractionates, transports, gathers, treats, processes, stores, markets and trades NGLs. Phillips 66 owns the remaining 50% interest in DCP Midstream.

DCP Midstream s gathering systems include connections to several interstate and intrastate natural gas and NGL pipeline systems, one natural gas storage facility and one NGL storage facility. DCP Midstream gathers raw natural gas through gathering systems located in nine major natural gas producing regions: Mid-Continent, Rocky Mountain, East Texas-North Louisiana, Barnett Shale, Gulf Coast, South Texas, Central Texas, Antrim Shale and Permian Basin. DCP Midstream owns or operates approximately 63,000 miles of gathering and transmission pipeline, 62 natural gas processing plants, and 12 fractionators. In addition, DCP Midstream operates a propane wholesale marketing business in the northeastern United States.

Our Principal Executive Offices

Our corporate headquarters are located at 5400 Westheimer Court, Houston, Texas 77056. We were incorporated in 2006 and are a Delaware corporation. Our telephone number is (713) 627-5400.

Recent Developments

Proposed Acquisition of the Express-Platte Pipeline System

Transaction Overview

On December 10, 2012, we entered into a Securities Purchase Agreement to acquire a 100 percent interest in the companies and other entities that comprise the Express-Platte Pipeline System. The Express-Platte Pipeline System is a 1,717 mile oil transportation network that connects Canadian and United States crude oil producers to refineries in the Rocky Mountain and Midwest regions of the United States. The Express-Platte Pipeline System consists of two crude oil pipelines: Express Pipeline and Platte Pipeline. The Express Pipeline has been in operation since 1997 and transports crude oil from Hardisty, Alberta, Canada, to Casper, Wyoming. The Platte Pipeline has been in operation since 1952 and transports crude oil from Casper, Wyoming to Wood River, Illinois. The purchase price is approximately $1.25 billion in cash, subject to certain purchase price adjustments (the Purchase Price). In addition, the acquisition will include the assumption of approximately $240 million of existing indebtedness of the Express-Platte Pipeline System. We expect to fund the Purchase Price with a mix of debt and equity financing, including the proceeds of this offering and the remainder with debt. The acquisition is not subject to a financing condition. We currently expect to consummate the acquisition in the first half of 2013. Since the completion of the acquisition of the Express-Platte Pipeline System is subject to various conditions, however, it is not certain that we will acquire the Express-Platte Pipeline System within the expected timeframe or at all. Failure to complete the acquisition of the Express-Platte Pipeline System could

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adversely affect our earnings per share and our ability to execute on our growth strategy and would affect the use of proceeds from this offering. If you decide to purchase our common stock in this offering, you should be willing to do so regardless of whether we complete the acquisition of the Express-Platte Pipeline System. See Risk Factors Risks Related to the Proposed Acquisition of the Express-Platte Pipeline System and Use of Proceeds.

Strategic Rationale

The acquisition of the Express-Platte Pipeline System would add scale and diversity to our existing natural gas and NGL footprint in growing production regions (Bakken, Niobrara and Canadian Oil Sands). It also would provide a new growth platform that would enable additional investment into related infrastructure (refined products pipelines, oil/refined products storage tanks and terminals). It is consistent with our stated desire to move into infrastructure in lines of business adjacent to our existing operations, which are currently focused on natural gas.

Ontario Energy Board Decision

On November 27, 2012, Spectra Energy announced that its subsidiary, Union Gas, had received a decision from the Ontario Energy Board that certain revenues realized from the optimization of upstream transportation contracts must be reclassified as gas supply costs, with 90% of those revenues refunded to customers. This decision will result in a charge of approximately $30 million to Spectra Energy s earnings before interest and taxes in the fourth quarter of 2012, related to 2011 and 2012.

New Jersey New York Project

The New Jersey New York project is designed to extend our reach farther into New Jersey and into the New York City market for the first time in several decades. The project is expected to provide 800 MMcf/d of new capacity and involves the construction of 15.9 miles of new 30-inch pipeline extending from Staten Island to Manhattan, replacement of five miles of pipeline with 42-inch pipe, three compressor station reversals and other upgrades. The capital cost of the project is expected to be approximately $1.2 billion. We received approval from the Federal Energy Regulatory Commission (FERC) in May 2012. Construction of the project is ongoing and we expect to place the project into service in November 2013. Various parties filed requests for rehearing and stay of the May 2012 FERC order approving construction and operation of the project, however the FERC issued an order on October 18, 2012 denying requests for rehearing, reconsideration, stay and late intervention, effectively exhausting the administrative remedies available to the parties. Parties who sought rehearing have 60 days in which to file an appeal. On December 6, 2012, a group called No Gas Pipeline provided notice to FERC that it had filed a petition for review with the Court of the Appeals for the District of Columbia Circuit. It is possible that other parties who sought rehearing could file an appeal of the order with one of the federal courts of appeals.

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The Offering

Common stock offered	12,800,000 shares (14,720,000 shares if the underwriters option to purchase additional shares is exercised in full)
Shares outstanding after this offering	666,000,000 shares (1)
Use of proceeds	We estimate that our net proceeds from this offering will be approximately $339 million (or approximately $390 million if the underwriters exercise in full their option to purchase additional shares of our common stock), after deducting the underwriting discount and other estimated offering expenses payable by us. We expect to use the net proceeds of this offering to fund acquisitions, capital expenditures and for other general corporate purposes, which may include funding a portion of the purchase price for the Express-Platte Pipeline System. Pending the use of proceeds for such purposes, we expect to use the net proceeds to repay commercial paper as it matures or invest them temporarily in short-term marketable securities. See Use of Proceeds in this prospectus supplement.
Risk factors	Please read Risk Factors on page S-9 and the other information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
New York Stock Exchange symbol	SE
Transfer Agent	Broadridge Corporate Issuer Solutions, Inc.

(1) The number of shares outstanding after the offering is based on approximately 653,200,000 shares outstanding as of December 7, 2012 and excludes (a) 1,920,000 shares of common stock issuable upon exercise of the underwriters option to purchase additional shares and (b) approximately 44,100,000 shares of common stock reserved for issuance under our stock compensation plans.

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Summarized Historical Financial Data

The following tables set forth summarized historical financial data as of the dates and for the periods indicated. The financial data as of December 31, 2011 and 2010 and for each of the three years ended December 31, 2011, 2010 and 2009 have been derived from our audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011, which has been filed with the SEC and is incorporated by reference into this prospectus supplement. The financial data as of September 30, 2012 and for each of the nine months ended September 30, 2012 and 2011 have been derived from our unaudited condensed consolidated financial statements included in our Quarterly Report on Form 10-Q for the quarter ended on September 30, 2012, which has been filed with the SEC and is incorporated by reference into this prospectus supplement. The unaudited condensed consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements and, in the opinion of management, include all adjustments (including normal recurring accruals) necessary for a fair presentation of such data. The results for the interim periods are not necessarily indicative of results for a full year. The financial data below should be read together with, and are qualified in their entirety by reference to, our historical consolidated financial statements and the accompanying notes and Management s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the year ended December 31, 2011 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012.

	Nine months ended September 30,		Years ended December 31,		
	2012	2011	2011	2010	2009
			(in millions)		
Operating Revenues					
Transportation, storage and processing of natural gas	$ 2,406	$ 2,342	$ 3,139	$ 2,870	$ 2,565
Distribution of natural gas	925	1,086	1,481	1,450	1,451
Sales of natural gas liquids	279	384	564	459	389
Other	118	111	167	166	147
Total operating revenues	3,728	3,923	5,351	4,945	4,552
Operating Expenses					
Natural gas and petroleum products purchased	704	795	1,142	1,056	1,098
Operating, maintenance and other	1,003	1,034	1,415	1,278	1,144
Depreciation and amortization	557	534	709	650	584
Property and other taxes	252	247	330	297	262
Total operating expenses	2,516	2,610	3,596	3,281	3,088
Gains on Sales of Other Assets and Other, net	2	7	8	10	11
Operating Income	1,214	1,320	1,763	1,674	1,475
Other Income and Expenses					
Equity in earnings of unconsolidated affiliates	297	428	549	430	369
Other income and expenses, net	53	42	57	32	37
Total other income and expenses	350	470	606	462	406
Interest Expense	471	471	625	630	610
Earnings From Continuing Operations Before Income Taxes	1,093	1,319	1,744	1,506	1,271
Income Tax Expense From Continuing Operations	289	372	487	383	352
Income From Continuing Operations	804	947	1,257	1,123	919
Income From Discontinued Operations, net of tax	2	23	25	6&nb	