

**CHARTER OF THE
COMPENSATION COMMITTEE
OF THE
BOARD OF DIRECTORS
OF
SPECTRA ENERGY CORP
(October 2009)**

I. General Focus

The Compensation Committee (the “Committee”) shall:

- A. Discharge the responsibilities of the Board of Directors (the “Board”) with respect to the Corporation’s compensation programs and compensation of the Corporation’s executives;
- B. Review and discuss with management the Corporation's compensation discussion and analysis ("CD&A") to be included in the Corporation's annual proxy statement filed with the Securities and Exchange Commission (the "SEC"); and
- C. Prepare the Compensation Committee Report for inclusion in the Corporation’s annual proxy statement, in accordance with applicable rules and regulations of the SEC.

II. Structure and Operations

The Committee shall be comprised of three or more members of the Board, each of whom is determined by the Board to be “independent” under the rules of the NYSE. A director who is not a “Non-employee Director” for purposes of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or who does not satisfy the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code may serve on the Committee; however, the individual shall not participate in any discussion or action with regard to matters pertaining to Rule 16b-3 or Section 162(m). The Committee may appoint a subcommittee, which will consist solely of individuals who are both “Non-employee Directors” and “outside directors,” to discuss or take action with regard to matters pertaining to Rule 16b-3 and Section 162(m), provided, however, that no subcommittee shall consist of fewer than two members. The Board shall select members based upon their knowledge and experience in compensation matters and with care to avoid any conflicts of interest.

The members of the Committee shall be appointed by the Board and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by majority vote of the Board.

The full Board shall elect the Chair of the Committee. The Chair will chair all regular sessions of the Committee and approve the agendas for Committee meetings.

In fulfilling its responsibilities, the Committee shall be entitled to delegate any or all of its responsibilities to a subcommittee of the Committee; provided, however, that no subcommittee shall consist of fewer than two members; and provided further that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

III. Meetings

The Committee shall meet as frequently as circumstances dictate. The Chair of the Committee or a majority of the members of the Committee may call a special meeting of the Committee.

As part of its review and establishment of the performance criteria and compensation of designated key executives, the Committee should meet separately at least on an annual basis with the Chief Executive Officer, the Corporation's principal human resources executive and any other corporate officers as it deems appropriate. However, the Committee should meet regularly without such officers present, and in all cases such officers shall not be present at meetings at which their performance and compensation are being discussed and determined.

All non-management directors that are not members of the Committee may attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any director, management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

A majority of the Committee members, but not less than two, will constitute a quorum. A majority of the Committee members present at any Committee meeting at which a quorum is present may act on behalf of the Committee. The Committee may meet by telephone or videoconference and may take action by unanimous written consent.

The Committee shall appoint a person, who need not be a member, to act as secretary, and minutes of the Committee's proceedings shall be kept in minute books provided for that purpose. The agenda of each Committee meeting will be prepared by the secretary and, whenever reasonably practicable, circulated to each Committee member prior to each meeting.

IV. Responsibilities and Duties

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry

out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern that the Committee deems appropriate and shall have the sole authority to retain outside counsel, consultants or other experts for this purpose, including compensation consultants to advise the Committee with respect to amounts or forms of executive and director compensation. The Committee shall have the sole authority to approve the fees payable to such counsel, consultants or experts and any other terms of retention.

Setting Compensation for Executive Officers and Directors

1. Establish and review the overall compensation philosophy of the Corporation.
2. Review and approve corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer's performance in light of those goals and objectives. Evaluate annually the performance of the other executive officers in light of the goals and objectives of the Corporation's executive compensation plans.
3. Based upon the foregoing evaluation, either as a Committee or together with the other independent directors, determine and approve the annual salary, bonus, stock options and other benefits, direct and indirect, of the Chief Executive Officer and other executive officers. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee will consider all relevant factors, including the Corporation's performance and relative shareholder return, the value of similar awards to chief executive officers of comparable companies, and the awards given to the Chief Executive Officer of the Corporation in past years.
4. In connection with executive compensation programs:
 - (i) Review and recommend to the full Board, or approve, new executive compensation programs;
 - (ii) Review on a periodic basis the operations of the Corporation's executive compensation programs to determine whether they are properly coordinated and achieving their intended purpose(s);
 - (iii) Establish and periodically review policies for the administration of executive compensation programs; and
 - (iv) Take steps to modify any executive compensation program that yields payments and benefits that are not reasonably related to executive and corporate performance.

5. Establish and periodically review policies in the area of senior management perquisites.
6. Approve and periodically review senior management benefit programs including but not limited to nonqualified deferred compensation plans.
7. Consider policies and procedures pertaining to expense accounts of senior executives.
8. Review and recommend to the full Board compensation for Board and Committee service of non-employee directors.
9. Review, approve and make recommendations to the full Board, with respect to any contracts, or other transactions with current or former executive officers of the Corporation, including but not limited to, consulting arrangements, employment contracts, severance or termination arrangements and loans made or guaranteed by the Corporation.
10. Review and approve annual performance goals for performance-based compensation that is intended to be tax deductible under Section 162 (m) of the Internal Revenue Code and determine whether the performance goals and objectives are attained.

Monitoring Incentive and Equity-Based Compensation Plans

11. Review and make recommendations to the full Board with respect to the Corporation's incentive-compensation plans and equity-based plans.
12. Administer any short-term incentive plan covering executive officers of the Corporation; determine whether performance targets have been met and determine the amounts and terms of any awards.
13. Review and approve all equity compensation plans of the Corporation that are not otherwise subject to the approval of the Corporation's shareholders.
14. Review, approve and make recommendations to the full Board, with respect to all awards of shares, share options or other awards pursuant to the Corporation's equity-based plans; provided that the Committee may delegate authority to the Chief Executive Officer to issue such awards to employees who are not executive officers pursuant to the terms of such plans.
15. Monitor compliance by executives with the rules and guidelines of the Corporation's equity-based plans.
16. Select, retain and/or replace, as needed, compensation and benefits consultants and other outside consultants to provide independent advice to the Committee. In that connection, in the event the Committee retains a compensation consultant, the

Committee shall have the sole authority to approve such consultant's fees and other retention terms.

Reports

17. Review and discuss with management the Corporation's CD&A and, based on that review and discussion, recommend its inclusion in the Corporation's annual proxy statement.
18. Produce an annual Compensation Committee Report for inclusion in the Corporation's annual proxy statement in accordance with applicable rules and regulations of the SEC.
19. Review the description of the Committee's processes and procedures for the consideration and determination of executive and director compensation to be included in the Corporation's annual proxy statement.
20. Report regularly to the full Board (i) following meetings of the Committee, (ii) with respect to such other matters as are relevant to the Committee's discharge of its responsibilities and (iii) with respect to such recommendations as the Committee may deem appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make such report.
21. Maintain minutes or other records of meetings and activities of the Committee.

V. Role of the Chief Executive Officer

The Chief Executive Officer may make, and the Committee may consider, recommendations to the Committee regarding the Corporation's compensation and employee benefit plans and practices, including its executive compensation plans, its incentive-compensation and equity-based plans with respect to executive officers other than the Chief Executive Officer, and the Corporation's director compensation arrangements.

VI. Annual Performance Evaluation

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including a review of the compliance of the Committee with this Charter and shall deliver to the Board a report which may be oral, setting forth the results of its evaluation. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.