

Spectra Energy Corp.
Form 8-K
October 19, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 19, 2015 (October 18, 2015)

SPECTRA ENERGY CORP

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction

of incorporation)

1-33007
(Commission

File Number)

20-5413139
(I.R.S. Employer

Identification Number)

5400 Westheimer Court,

77056

Houston, Texas
(Address of principal executive offices) **(Zip Code)**
713-627-5400

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

Exchange and Redemption Agreement

On October 18, 2015, Spectra Energy Corp (**Spectra Energy**) entered into an Exchange and Redemption Agreement (the **Exchange Agreement**) with Spectra Energy Partners, LP (**SEP**), pursuant to which SEP will convey to Spectra Energy, SEP's 33.335% membership interest in DCP Sand Hills Pipeline, LLC and SEP's 33.335% membership interest in DCP Southern Hills Pipeline, LLC in exchange for aggregate consideration consisting of: (i) Spectra Energy's 21,560,000 common units and 440,000 general partner units in SEP (collectively, the **Exchange Unit Consideration**), which SEP will redeem and cancel (which will result in a reduction in incentive distributions payable after the Exchange Agreement Closing (as defined below) to Spectra Energy, as the holder of incentive distribution rights in SEP (the **SEP IDRs**)); and (ii) a reduction in the aggregate quarterly distributions, if any, to Spectra Energy, the holder of the SEP IDRs, by \$4,000,000 per quarter for a period of 12 consecutive quarters commencing with the quarter ending on December 31, 2015 and ending with the quarter ending on September 30, 2018.

Spectra Energy Partners (DE) GP, LP, the general partner of SEP, is an indirect, wholly-owned subsidiary of Spectra Energy.

The Exchange Agreement includes customary representations, warranties and covenants by the parties. The closing of the transactions contemplated by the Exchange Agreement (the **Exchange Agreement Closing**) is expected to occur during the fourth quarter of 2015, subject to the satisfaction of customary closing conditions, including the condition that the conditions to closing contained in the Contribution Agreement (as defined below) shall have been satisfied.

Each party to the Exchange Agreement has agreed to indemnify the other for breaches of representations and warranties, breaches of covenants and certain other matters, subject to certain exceptions. The Exchange Agreement contains certain termination rights for the parties, including if the Exchange Agreement Closing does not occur by December 31, 2015.

The foregoing description of the Exchange Agreement is not complete and is qualified in its entirety by reference to the Exchange Agreement, which is attached as Exhibit 2.1 to this Current Report on Form 8-K.

Contribution Agreement

On October 18, 2015, Spectra Energy entered into a Contribution Agreement (the **Contribution Agreement**) with Phillips Gas Company (**PGC**), Spectra Energy DEFS Holding, LLC (**Spectra Holding**), Spectra Energy DEFS Holding II, LLC (**Spectra Holding II**) and, together with Spectra Holding, the **Spectra Parties**), DCP Midstream, LLC (**DCP**) and Phillips 66 (**P66**), pursuant to which (a) PGC will contribute to DCP an amount in cash equal to \$1,500,000,000 as a capital contribution and (b) the Spectra Parties will contribute to DCP the 33.335% membership interest in each of DCP Sand Hills Pipeline, LLC and DCP Southern Hills Pipeline, LLC acquired from SEP pursuant to the Exchange Agreement. DCP is a joint venture between Spectra Energy and P66, in which Spectra Energy owns a 50% interest.

The Contribution Agreement includes customary representations, warranties and covenants by the parties. The closing of the transactions contemplated by the Contribution Agreement (the **Contribution Agreement Closing**) is expected to occur during the fourth quarter of 2015, subject to the satisfaction of customary closing conditions.

Each party to the Contribution Agreement has agreed to indemnify the other parties for breaches of representations and warranties, breaches of covenants and certain other matters, subject to certain exceptions. The Contribution Agreement contains certain termination rights for the parties, including if the Contribution Agreement Closing does not occur by December 31, 2015.

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The foregoing description of the Contribution Agreement is not complete and is qualified in its entirety by reference to the Contribution Agreement, which is attached as Exhibit 2.2 to this Current Report on Form 8-K.

Item 7.01. Regulation FD Disclosure.

On October 19, 2015, Spectra Energy and SEP issued a joint press release announcing the Exchange Agreement and Contribution Agreement. A copy of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K. The information in Exhibit 99.1 is being furnished pursuant to this Item 7.01.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

- 2.1 Exchange and Redemption Agreement by and between Spectra Energy Corp and Spectra Energy Partners, LP, dated as of October 18, 2015.
- 2.2* Contribution Agreement by and among Spectra Energy Corp, Phillips Gas Company, Spectra Energy DEFS Holding, LLC, Spectra Energy DEFS Holding II, LLC, DCP Midstream, LLC and Phillips 66, dated as of October 18, 2015.
- 99.1 Joint press release of Spectra Energy Corp and Spectra Energy Partners, LP, dated October 19, 2015, announcing the Exchange Agreement and the Contribution Agreement.

* Pursuant to the rules of the Securities and Exchange Commission, the schedules to the agreement have not been filed herewith. The registrant agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SPECTRA ENERGY CORP

/s/ J. Patrick Reddy
J. Patrick Reddy
Chief Financial Officer

Date: October 19, 2015

EXHIBIT INDEX

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99.1	Joint press release of Spectra Energy Corp and Spectra Energy Partners, LP, dated October 19, 2015, announcing the Exchange Agreement and the Contribution Agreement.

* Pursuant to the rules of the Securities and Exchange Commission, the schedules to the Contribution Agreement have not been filed herewith. The registrant agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.