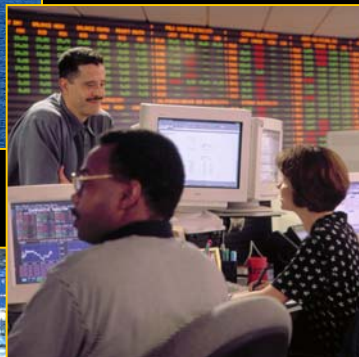
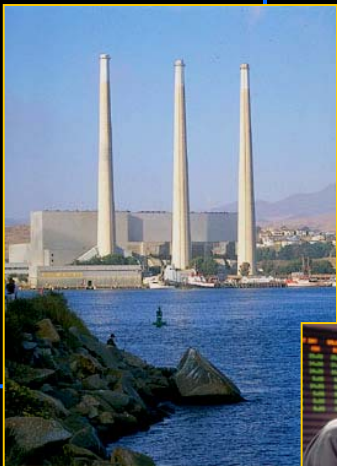


Monthly Chat

David Hauser
Senior Vice President
and Treasurer

February 28, 2003



Today's Topics

- Review financing nodes of Duke Energy
- Discuss ratings of various financing nodes
- Review 2003 cash flow projections
 - Asset dispositions
 - Financing plan
- Discuss outstanding credit facilities and provide liquidity update
- Review 2004 conversion of equity units

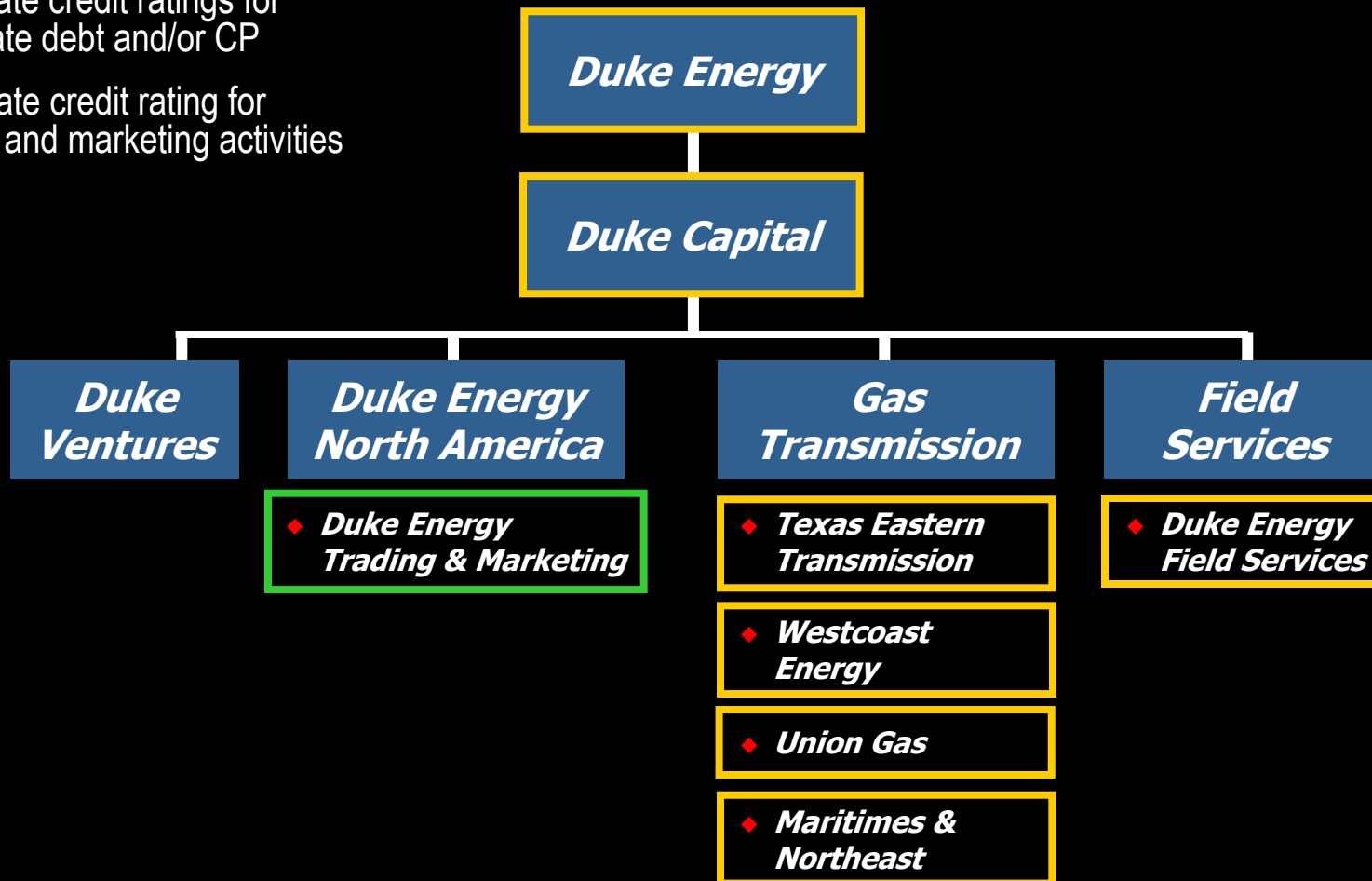
Key Goals

Duke Energy is focused on reducing risks and restructuring for future success:

- Focus on positive net cash generation
- Invest in our strongest business sectors
- Right-size businesses to market realities
- Address merchant energy issues
- Strengthen relationships with customers
- Reduce regulatory and legal risk and uncertainty

Financing Nodes

- Corporate credit ratings for corporate debt and/or CP
- Corporate credit rating for trading and marketing activities



Current Credit Ratings

	<u>S & P</u>	<u>Moody's</u>	<u>Fitch</u>
Duke Energy Senior Unsecured / Commercial Paper	<i>Negative Outlook</i> A- / A-2	<i>Negative Outlook</i> A3 / P-2	<i>Negative Outlook</i> A- / F2
Duke Capital Senior Unsecured / Commercial Paper	<i>Negative Outlook</i> BBB+ / A-2	<i>Negative Outlook</i> Baa2 / P-2	<i>Negative Outlook</i> BBB / F2
Texas Eastern Transmission LP Senior Unsecured	<i>Negative Outlook</i> A-	<i>Negative Outlook</i> Baa1	<i>Negative Outlook</i> BBB+
Westcoast Energy Debentures / Commercial Paper	<i>Negative Outlook</i> A- / A-1 (low)	N/A	N/A
Union Gas Debentures / Commercial Paper	<i>Negative Outlook</i> A- / A-1 (low)	N/A	N/A
Maritimes & Northeast Senior Secured Notes	<i>Stable</i> A	<i>Stable</i> A1	N/A
Duke Energy Field Services Senior Unsecured / Commercial Paper	<i>Stable</i> BBB / A-2	<i>Stable</i> Baa2 / P-2	<i>Stable</i> BBB / F2
Duke Energy Trading and Marketing LLC Corporate Credit Rating	<i>Negative Outlook</i> BBB	N/A	N/A

Note: Negative outlooks generally reflect the continuing uncertainty within the industry/company with respect to the various reviews regarding trading activities and the need to see the company execute its planned asset sales.

2003 Cash Flow Expectations

(\$ Millions)

Primary Sources:

	Duke Energy Consolidated	Duke Capital Consolidated
Income	\$ 1,400	\$ 750
Depreciation & Amortization	1,900	1,100
NBV of Crescent inventory sales	500	500
NBV of other asset sales	600	600
Subtotal	4,400	2,950
Equity (DRIP, etc)	250	250
Total Sources	\$ 4,650	\$ 3,200

Primary Uses:

Capital Expenditures	(3,200)	(1,900)
Dividends	(1,000)	--
Total Uses	\$ (4,200)	\$ (1,900)

Positive Net Cash

	\$ 450	\$ 1,300
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Cash Flow Discussion

- Consistent cash flows produced from the regulated businesses, delivering approximately 80% of total earnings before interest and taxes (EBIT) in 2003:
 - Franchised Electric \$ 1.6 billion
 - Natural Gas Transmission 1.2 billion
- Interest Expense
 - Duke Energy Consolidated \$ 1.4 billion
 - Duke Capital Consolidated 1.1 billion
- Financial plan fully supports current annual dividend of \$1.10 per share

Asset Dispositions

- Almost half of expected \$600 million in non-strategic asset sales are complete
 - Empire State Pipeline
\$240 million (includes \$58 million in debt)
 - Sale of Northern Border units and portion of Duke Capital Partners' loan portfolio resulted in approximately \$50 million of additional cash proceeds
- Crescent Resources' inventory sales reflect the continued execution of their business strategy
 - Develop residential, multi-family, and commercial real estate projects for sale
 - Land management

Financing Plan

- Reduce leverage in 2003
 - Plan to refinance some of our \$1.3 billion of debt maturities and reduce the size of our commercial paper programs
- Issued \$500 million 3.75% 5-year First Mortgage Bonds at Duke Energy to refund \$100 million of bonds that matured in early February, to repay Duke Capital loan, and for general corporate purposes
- Re-negotiated borrowing option at Duke Capital, providing the company with increased financial flexibility
 - Borrowing option reduced from \$500 million to \$250 million and effective for the period June 30 through August 29, 2003
 - If exercised, borrowing term may not exceed March 31, 2004
 - Option period begins on the expiration date of the company's \$500 million temporary credit facility

Liquidity Position

(as of February 26, 2003)

	Duke Energy	Duke Capital	Other *
Credit Facilities	\$950 million	\$1.9 billion	\$1.7 billion
LOC Facilities	n/a	\$1.0 billion	n/a
TOTAL CAPACITY		\$5.6 billion	
CP Outstanding	\$650 million	\$800 million	\$475 million
LOC Outstanding	n/a	\$800 million	n/a
Other Borrowings	n/a	n/a	\$175 million
TOTAL OUTSTANDING		\$2.9 billion	
TOTAL UNUSED CAPACITY		\$2.7 billion	
Cash		\$1.4 billion	

* Includes Westcoast, Union Gas, Field Services and Australia

Credit Facilities

- Key credit facility covenants
 - Duke Energy – 65% Debt to Capitalization
 - Duke Capital
 - ◆ 65% Debt to Capitalization
 - ◆ Adjusted EBITDA / Interest Coverage ratio of 2.5 times (EBITDA excludes any MTM earnings)
- Recently amended Duke Capital's EBITDA / Interest Coverage ratio calculation to exclude certain non-cash charges
- Credit facility capacity of approximately \$3.7 billion expires in 2003
 - Met with banking partners to discuss our proposed plans and objectives
 - Size of credit facilities will be reduced in conjunction with corporate needs

2004 Conversion of Equity Units

	With Remarketing	Without Remarketing
Debt Component of Equity Units	No Impact	\$1.6 billion ↓
Other Debt (1)	\$1.6 billion ↓	No Impact
Equity	\$1.6 billion ↑	\$1.6 billion ↑

(1) Cash proceeds from successful remarketing of debt component of equity units gives the company the flexibility to pay down other debt

Adjusted Capitalization Reflects Conversion of Equity Units

<i>(\$ Millions)</i>	12/31/2002		Adjusted (2)	
Debt (1)	\$ 20,840	51%	\$ 20,840	51%
Equity Units	1,625	4%	--	--
Total Debt	\$ 22,465	55%	\$ 20,840	51%
Trust Preferred Securities	1,408	3%	1,408	3%
Preferred Stock (1)	159	--	159	--
Minority Interests	1,904	5%	1,904	5%
Stockholders' Equity	14,958	37%	16,583	41%
Total Capitalization	\$ 40,894	100%	\$ 40,894	100%

(1) Includes current maturities.

(2) Reflects pro-forma adjustment for conversion of equity units in 2004.

Summary

The 2003 Financial Plan will:

- Generate positive net cash flow
- Reduce balance sheet leverage
- Maintain a strong liquidity position for the company
- Fully support the annual dividend at \$1.10 per share

Q&A

