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Monthly Chat

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Robert Brace
Executive Vice President
and Chief Financial Officer

David Hauser
Senior Vice President
and Treasurer



Today's Topics

- Review financing nodes of Duke Energy
- Provide ratings of financing nodes
- Discuss implications of S&P's ratings action
- Discuss credit facility syndications and provide liquidity update

Diverse Energy Asset Base Underpinned by Strong Cash Flow



- Consistent cash flows from:
 - ◆ Franchised electric business
 - ◆ Gas transmission businesses
 - ◆ Gas distribution business
- Proprietary trading represents a small portion of Duke Energy's operations

Field Services



Pipelines



Gas



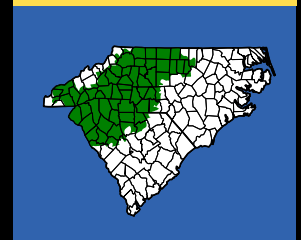
Generation





Power

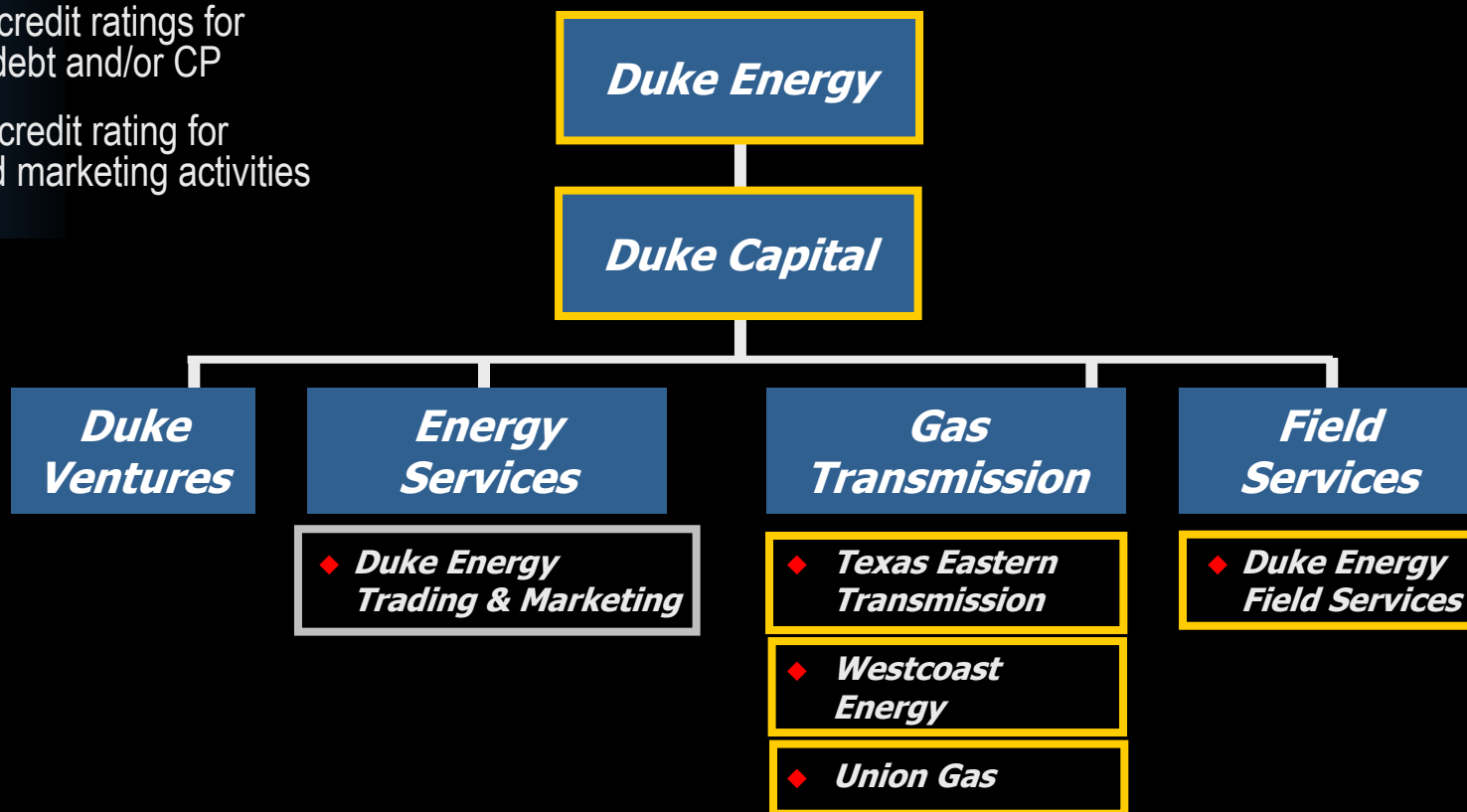


Distribution



Financing Nodes

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



Current Credit Ratings

| | S & P | | Moody's | Fitch |
|---|----------------------------------|-------------------------|------------------------------|-----------------------------|
| | Previous | Current | | |
| Duke Energy Senior Unsecured / Commercial Paper | Watch Negative A+ / A-1 | Stable A / A-1 | Negative Outlook A1 / P-1 | Negative Outlook A+ / F1 |
| Duke Capital Senior Unsecured / Commercial Paper | Watch Negative A / A-1 | Stable A- / A-1 | Negative Outlook A3 / P-2 | Negative Outlook A / F1 |
| Texas Eastern Transmission LP Senior Unsecured | Watch Negative A+ | Stable A | Negative Outlook A2 | Negative Outlook A- |
| Westcoast Energy Debentures / Commercial Paper | Watch Negative A+ / A-1 (mid) | Stable A / A-1 (mid) | N/A | N/A |
| Union Gas Debentures / Commercial Paper | Watch Negative A+ / A-1 (mid) | Stable A / A-1 (mid) | N/A | N/A |
| Duke Energy Field Services Senior Unsecured | Stable BBB | Stable BBB | Stable Baa2 | Stable BBB |
| Duke Energy Trading and Marketing LLC Corporate Credit Rating | Watch Negative A- | Stable BBB+ | N/A | N/A |

Note: Moody's and Fitch currently have the company's outlook at negative primarily due to the uncertainty concerning the informal reviews of trading activities.

Implications of S&P's Ratings Action

- Small increase in marginal cost of CP funding
- Minimal increase in cost of credit facilities
- Minimal increase in collateral requirements for trading and marketing

Liquidity: Broad and Deep

| <i>(\$ in millions)</i> | Duke Energy | Duke Capital |
|---|----------------|----------------|
| CP Program | \$1,250 | \$1,550 |
| Avg Balance for Trailing 12 Months | 971 | 674 |
| Current Balance (Aug 20) | 996 | 446 |
| Temp CP Program (1) | n/a | \$1,000 |
| LOC Facility | n/a | \$1,038 |
| Avg Balance for Trailing 12 Months | n/a | 42 |
| Current Balance (Aug 20) | n/a | 256 |
| ECN Program | \$ 500 | \$1,000 |
| Avg Balance for Trailing 12 Months | 54 | 166 |
| Current Balance (Aug 20) | 5 | 100 |

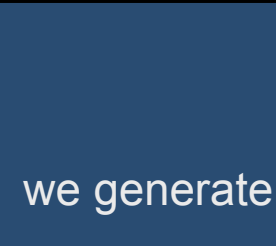
(1) Bank facility to backstop CP issuances to temporarily fund the Westcoast acquisition. Terminate with permanent Westcoast financing later in 2002.

Credit Facility Syndications

- Successfully re-syndicated Duke Energy and Duke Capital 364-day credit facilities
 - ◆ Duke Energy: \$475 million
 - ◆ Duke Capital: \$700 million
 - ◆ Additional covenants within facilities
 - Duke Energy – 65% Debt to Capitalization
 - Duke Capital – Adjusted EBITDA / Interest coverage ratio of 2.5 times (EBITDA excludes any MTM earnings)
- Amended Duke Capital multi-year credit facility to remove ratings trigger

Financial Strength

- Strong underpinning of regulated businesses
- Transparent financial structure
- Credit ratings remain strong
- Financial impact of ratings change is minimal
- Successful In retaining deep liquidity
- Executive management commitment to retaining financial strength and credit ratings



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