

we generate what's nextsm



Monthly Chat



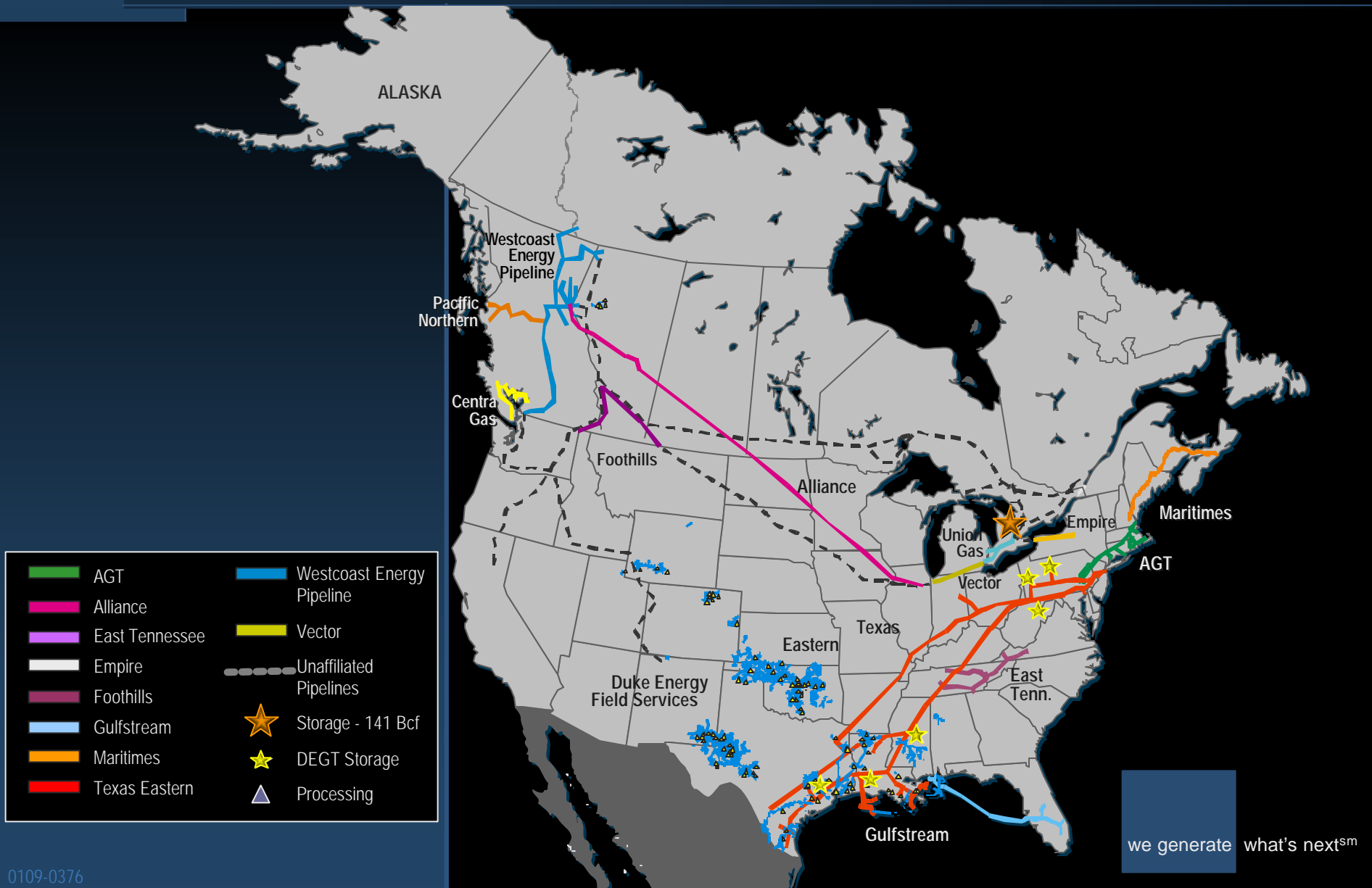
Fred Fowler
*Group President,
Energy Transmission*

Current Duke Energy Energy Transmission System



we generate what's nextsm

Duke Energy Combined Energy Transmission System

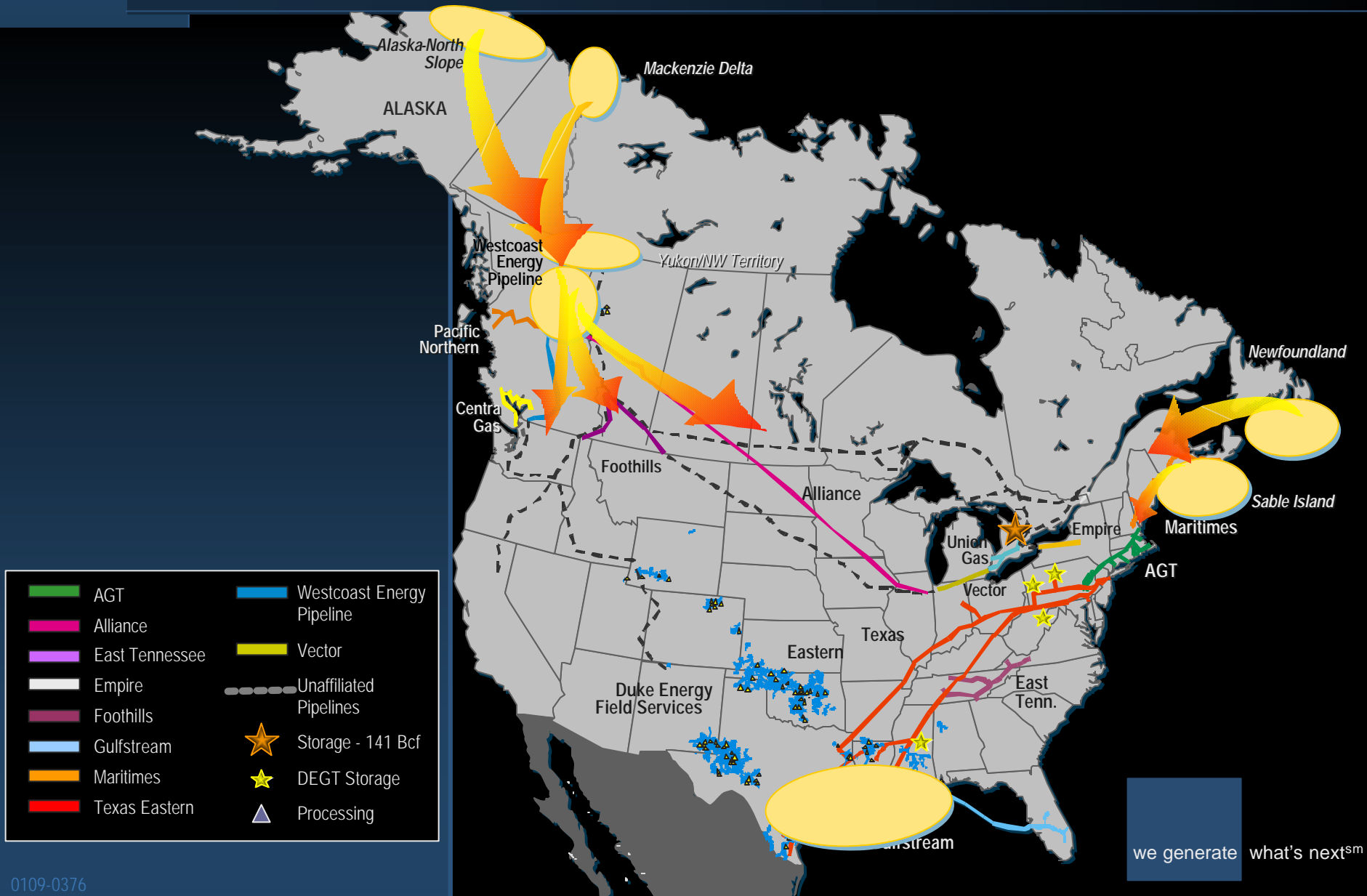


we generate what's nextsm

Strategic Benefits

- Extends North American integrated network of energy businesses
- Greatly increases the portfolio of growth opportunities
- Connects key supply sources and markets
- Adds storage and transportation assets at a growing, Eastern supply hub
- Increases percentage of competitive businesses
- Provides significant opportunities to leverage Duke's merchant expertise

Duke Energy Combined Energy Transmission System



Regulatory Approvals

- Antitrust
 - ◆ Hart-Scott-Rodino (DOJ or FTC)
 - ◆ Competition Act (Canada) - Competition Bureau
 - ◆ Investment Canada Act - Industry Canada and Ministry of Industry
 - ◆ Federal Competition Commission (Mexico)
- Energy Regulatory
 - ◆ Federal Power Act - FERC
 - ◆ New York Public Service Law - NY PSC
 - ◆ Utilities Commission Act - BC UC
- Corporate
 - ◆ Public Utility Holding Company Act - SEC
 - ◆ North Carolina PUC
 - ◆ South Carolina PSC
 - ◆ Canadian Court - Final Order



Financial Overview

David Hauser
*Senior Vice President
and Treasurer*

Transaction Overview

Collar Value Impact

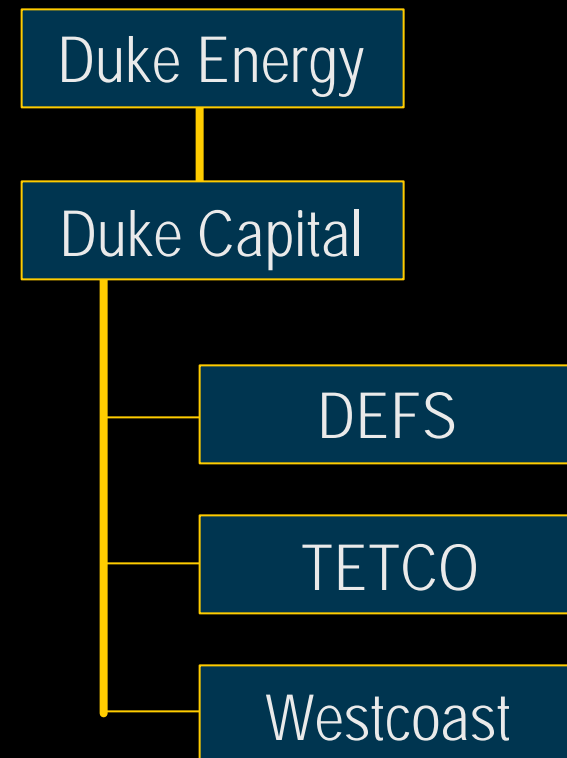
Assumed Duke Share Price	US\$36.00	US\$36.88	↔	US\$46.48	US\$47.00
Implied Exchange Ratio	0.771	0.771	↔	0.612	0.612
Duke Shares Issued (MM)	47.357	47.357	↔	37.576	37.576
Stock Value per W share (50%)	C\$21.38	C\$21.90		C\$21.90	C\$22.15
Cash Value per W share (50%)	C\$21.90	C\$21.90		C\$21.90	C\$21.90
Total Value per W share	C\$43.28	C\$43.80		C\$43.80	C\$44.05

- Westcoast equity valuation of \$3.5 billion
- 50% stock/50% cash consideration (subject to pro-ration)
- "Mirror-share" or "exchangeable share" structure for Canadian shareholders
 - ◆ Provides non-taxable event for Canadian shareholders
 - ◆ Exchangeable into Duke Energy common, mandatory after year eight
- Subject to Westcoast shareholder approval and regulatory approvals

Organizational Structure

- Westcoast Energy will become a subsidiary of Duke Capital Corporation
- Future financings will occur at appropriate financing node
- Continue to fund Canadian assets with Canadian financings when appropriate, providing natural hedge

Primary Financing Nodes



Financial Benefits

Immediately accretive to EPS

Balances business risk profile and sustainability of earnings

Supports targeted EPS growth rate

Maintains strong balance sheet and financial flexibility





we generate what's nextsm