

TAX INFORMATION FOR SPECTRA ENERGY SPIN-OFF

Duke Energy Corporation ("Duke Energy") distributed shares of common stock of Spectra Energy Corp ("Spectra Energy") to Duke Energy shareholders on January 2, 2007. Duke Energy and Spectra Energy are now two separate, publicly owned companies. This document contains the following information related to the distribution:

- An explanation of the U.S. federal income tax consequences of the distribution for Duke Energy common shareholders.
- An example that will help you complete important tax calculations.

BACKGROUND INFORMATION

Duke Energy common shareholders of record as of December 18, 2006, received a distribution of one-half share of Spectra Energy common stock for every share of Duke Energy common stock owned as of that date. As previously announced, shareholders entitled to a fractional share of Spectra Energy common stock will receive a cash payment instead of a fractional share. The fractional shares of Spectra Energy common stock have been aggregated and sold through an independent agent and the net proceeds have been paid to Duke Energy common shareholders entitled to a fractional share of Spectra Energy stock. If applicable, you will receive a check for the proceeds of the fractional share sale in about one week.

TAX RULING

Duke Energy received a ruling from the Internal Revenue Service and an opinion of counsel (which will not be binding on the Internal Revenue Service) to the effect that the distribution of its shares of Spectra Energy qualifies as a tax-free distribution for U.S. federal income tax purposes. As a result, Duke Energy shareholders will not recognize gain or loss as a result of the distribution except in connection with cash received in lieu of a fractional share. The taxable gain or loss that must be recognized for U.S. federal income tax purposes will be equal to the difference between the cash received and the shareholder's tax basis in the fractional share.

TAX BASIS ALLOCATION

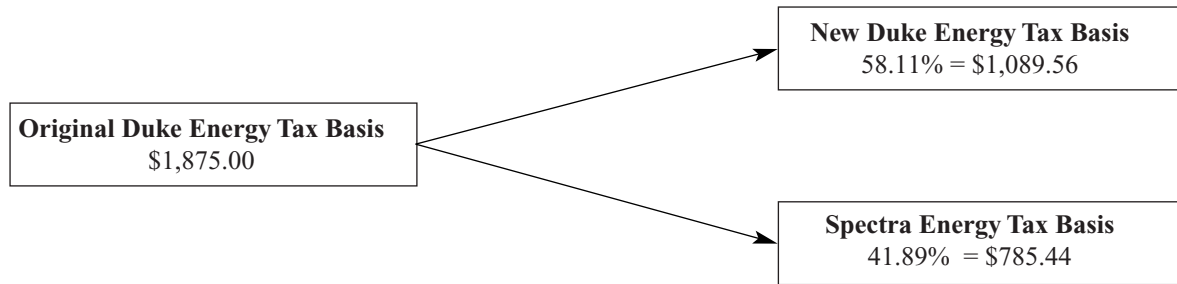
To calculate your net gain or loss on the sale of stock, you must calculate your tax basis in the stock. If your sales proceeds exceed your tax basis in the stock sold, you will realize a gain on the sale of the stock equal to the difference between the sales proceeds and your tax basis. Conversely, if your sales proceeds are less than your tax basis in the stock sold, you will realize a loss on the sale equal to the difference between the sales proceeds and your tax basis.

Because of the spin-off of Spectra Energy, you must allocate the tax basis of your pre spin-off shares of Duke Energy common stock between your post spin-off shares of Duke Energy common stock and your newly received shares of Spectra Energy common stock in proportion to their relative fair market values on the date of distribution. We believe one possible method for such allocation is in proportion to the fair market value of Duke Energy common stock and Spectra common stock at market close on December 29, 2006, the last trading day before the distribution. The closing price per share for Duke Energy WI (without the distribution) on December 29, 2006 was \$19.25. The closing price per share for Spectra WI on December 29, 2006 was \$27.75.

Using this methodology, and the 0.50 distribution ratio, 58.11% of your basis would be allocated to Duke Energy common stock, and the remaining 41.89% would be allocated to the shares of Spectra common stock you received in the distribution (including any fractional share interest). If you acquired your Duke Energy common stock at different times, or if some of your Duke Energy shares otherwise have a tax basis that differs from that of others, you will need to make separate basis calculations for each group of shares. You should consult your tax advisor regarding the application of this methodology and calculation to your particular circumstances. See the example that follows.

Example:

75 shares of Duke Energy common stock were purchased at \$25 per share, resulting in a tax basis of \$1,875. Because the spin-off distribution was 0.50, the owner was entitled to 37.50 Spectra Energy shares for the 75 shares of Duke Energy owned. The owner received 37 full shares of Spectra Energy in book-entry form and a check for the sale of the .50 fractional share. The tax basis of a fractional share is proportional to the basis of a whole share. Using the tax basis allocation percentages, 58.11% of the \$1,875 is allocated to Duke Energy common stock and 41.89% to Spectra Energy stock. See the chart that follows.



The per share tax basis would then be obtained by dividing the new tax basis by the number of shares, as follows:

New Duke Energy Tax Basis \$1,089.56	Number of Shares 75	New Duke Energy Tax Basis \$14.53
Spectra Energy Tax Basis \$785.44	Number of Shares 37.50	Spectra Energy Tax Basis \$20.95

As noted above, if you acquired your shares of Duke Energy common stock at different times and costs, including shares received through a dividend reinvestment plan, you will need to calculate a separate tax basis for each group of shares.

FRACTIONAL SHARE SALE

The receipt of cash resulting from the sale of a fractional share will result in the recognition of gain or loss for U.S. federal income tax purposes. This is measured by the difference between the cash you receive for such fractional share and your tax basis in such fractional share.

Example:

The following illustration uses the information in the example above. Assume the fractional share of 0.50 was sold for \$25.00 net per share and you received a check for \$12.50 (0.50 x \$25.00 = \$12.50).

Spectra Energy Tax Basis per Share	\$20.95	Sale Proceeds	\$12.50
Multiplied by Shares Sold	<u>X 0.50</u>	Fractional Share Basis	<u>-10.48</u>
Fractional Share Basis	\$10.48	Gain (Loss) Fractional Share	\$ 2.02

CONSULT YOUR TAX ADVISOR

The information in this document represents our understanding of the U.S. federal income tax laws and regulations, and does not constitute tax advice. It does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. You should consult your own tax advisor regarding the particular consequences of the stock distribution, including the applicability and effect of any state, local and foreign tax laws.

SHAREHOLDER STATEMENT

Recently enacted Temporary U.S. Treasury Regulations require that shareholders owning at least 5% of Duke Energy's stock prior to the spin-off attach to their U.S. federal income tax returns a statement setting forth certain prescribed information about the distribution of shares of Spectra Energy common stock. Other shareholders are not required to attach such information to their U.S. federal income tax returns. However, all shareholders are required to keep certain information relating to the spin-off as part of their permanent records, specifically including information regarding the amount, tax basis and value of the Spectra Energy stock received. We urge you to consult your tax advisor regarding these requirements.

Inquires concerning your Spectra Energy account should be directed to:

Toll free: 1-866-406-6840

For International callers: 1-212-815-3700

Or write to: Spectra Energy
c/o The Bank of New York
Investor Service Department
P.O. Box 11258
New York, NY 10286-1258

Inquires concerning your Duke Energy account should be directed to:

Toll free: 1-800-488-3853

For International callers: 1-704-382-3853

Or write to: Duke Energy
Investor Relations
P.O. Box 1005
Charlotte, NC 28201-1005

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