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PRESENTATION

Julie Dill - *Group Executive, Investor Relations, and Chief Communications Officer, Duke Energy*

Good afternoon, everyone. Thank you for being here today for the inaugural investor meeting of the new Duke Energy. Some of you may have recognized that we actually closed the merger at just about 9 o'clock this morning. So we are official as of 9, and trading as DUK.

Welcome also those of you joining us by telephone or webcast. My name is Julie Dill, Group Executive, Investor Relations, and Chief Communications Officer for Duke Energy. With me are Paul Anderson, Chairman of the Board; Jim Rogers, President and Chief Executive Officer and David Hauser, Group Executive and Chief Financial Officer.

Also with me today are the members of the Investor Relations team that I hope many of you got a chance to meet when you were coming in: John Arensdorf, Lisa Bellucci and Jennifer Traylor.

I would like to make you aware that today's discussion is being tape-recorded as well.

Just a few words about today's program. As you finish your lunch, Paul is going to share his thoughts on Duke Energy's strategic direction. And then Jim will share his vision of the new company, and how he plans to earn the rights to pursue continued growth and expansion. Finally, David will discuss the timing and form for reporting first quarter earnings, update our EBIT expectations now that we have combined all the financials into a single earnings model, and wrap up with a discussion of our new legal structure. Jim will have some closing comments concerning our commitment to investors, and then we will take your questions from the floor.

For those of you participating by webcast or listening in by phone, please note that we will only have time to answer questions from those here in the room today, and we appreciate your understanding that.

So let me take a moment to read the Safe Harbor Statement. Some of the things we will discuss today concerning future company performance will be forward-looking statements within the meanings of the securities laws. Actual results may materially differ from those discussed in these forward-looking statements, and you should refer to the additional information contained in Duke Energy and Cinergy's 2005 Form 10-K filed with the SEC and other SEC filings, concerning factors that could cause those results to be different than contemplated in today's discussion.

In addition, today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures is available on our Investor Relations website at www.duke-energy.com. You should also note that your safety is important to us and, as is our practice, let me just mention that what we should do in the unlikely event that we have to evacuate this room. Please exit the room, go to your left and down the stairway, and out the front door from the main lobby.

So with all that housekeeping done, let me turn the podium over to our Chairman, Paul Anderson.

Paul Anderson - *Chairman of the Board, Duke Energy*

Thank you, Julie, and welcome, everyone. It is really a pleasure to be here. You don't know how much of a pleasure it is. This morning, we began trading as the new Duke Energy. Jim is getting the e-mails about storm outages and problems on the system, and I am just thinking big high-level thoughts. So it is really a great transition.

The company is still trading under the same ticker symbol and it is using the same name, but it certainly is a different company, and I think you'll see as we go forward here that we are really creating an incredibly different company.

I am very pleased with what we have been able to accomplish in the time - the last 11 months really. We stood before a crowd very similar to this on May 9th and announced the fact that we were going to merge the two companies, and we laid out a timeline, and I think everyone thought it was incredibly optimistic. And I am very pleased with how smoothly it has gone, and that we have actually arrived here.

Within that 11 months, we have secured all the necessary shareholder and regulatory approvals, but we also prepared for a smooth transition. I think anybody who has been close to the company would remark on the fact that this has been a very smooth process in terms of putting the management team together, putting the Board together and coming up with an integration plan. It's pretty much free of politics and bickering and some of the things that you see in other mergers, and I think Jim and I both feel very good about how this has come together.

It speaks a lot to the quality of our employees and the outstanding job that they have done in just saying: Here is the end goal; let's go for it. So we arrived at this moment and, for a short period of time, we will be the largest utility in the nation, until Exelon completes its merger with PSE&G, and we are going to bask in that position for at least a few weeks.

Our leadership team, of course, is in place now, and their goal is not to make us the largest in the nation, but to make us the best. They will be very focused on making sure that we are leaders in customer service, that we are leaders in creating value for our shareholders, and then also that we are thought leaders for the industry in terms of energy trends, in terms of environmental issues going forward.

When I came back to Duke in 2003, the Board asked me to do three things. The first was to “get the ox out of the ditch.” We had some issues just as far as getting the company back on track, but then to establish a sustainable business model or strategy for the company. That was critical in their mind. The third thing was to find a successor to take the company to the next level.

By the end of 2004, we had the ox out of the ditch, as probably all of you've realized who follow the company, and this really allowed me to focus on the next objective, which was establishing a sustainable strategy. And there were really two strategic imperatives that I felt had to be addressed at that point in time to create a sustainable business model.

The first was to actually come up with a new business model for the electric side of the business that would give it stand-alone strength and also the ability to grow, the ability to have a platform that was expandable and not simply constrained by the service territory of the Carolinas. The decision to exit the DENA business in the West and the Northeast, and the completion of this merger really have established a new basis for our electric business, and Jim will be describing that in quite a bit of detail.

At the same time, of course, the merger accomplished the third goal, which was finding a successor to take the company to the next level and I will make a couple of comments about that in a minute. But now that we have this strategic imperative accomplished in terms of establishing a new base for the electric business, that is not to say that this is the end game. This is really the starting point, because what we have done here is – we have created a platform for future growth as opposed to an end game in itself.

Now I know a number of you saw – in the press, I was quoted as saying that we would complete another merger within the next year, and I just want to clarify that. We will not – well, I doubt that we will be completing another merger within the next year. What I thought I said, or what I should have said more clearly, is that it would take approximately a year to complete a merger if we had a merger partner identified. I did not mean to imply that we had somebody lined up and we were ready to go on that. So I would at least clarify the fact that, while we are looking and we will be opportunistic, we have not started down the path of getting ready to announce another merger.

So now that we have this business model in place, we can really look at the next major strategic imperative that we need for the long-term strategy of the company, and that is the one that we have talked about before, and we basically put on hold, and that is addressing the question as to whether or not it will create more value to separate our gas and electric businesses. And I am not going to talk about that in a lot of detail. I think we have explained our rationale of looking at this in the past. The real critical thing is that we really just haven't done anything on it as we went through the process of consummating the merger, and this now becomes one of our key strategic objectives, and it will be really my primary focus in my role as Chairman. So we will be doing the necessary analysis and having discussions with the Board, and we expect to reach a decision on that certainly by the end of the year, hopefully sometime in the next few months here. The real driving factor will be: Does it create both immediate value and long-term value for our shareholders?

Additionally, as you know, we have a history of being very effective portfolio managers, looking at all the pieces that we have, and we will use this as an opportunity to step back and re-examine the total portfolio and determine what pieces make sense to keep in it, what pieces might be more valuable to someone else, or release some value by holding them in a different manner.

As Chairman, I will share responsibility for these kinds of strategic portfolio issues with Jim. He and I will be working together very closely on that. The other aspect of my role will be succession at the very highest level, but beyond that, I will be Chairman of the Board, not Chairman of the company, and I think it is important that you know Jim will have the throttle clearly in his hands.

Under New York Stock Exchange rules, I am not considered independent until three years after my official employment ends, so we will still have a lead director. Ann Gray will continue on as our lead director, and she will serve as the primary contact for third parties who want to deal directly with the Board without going through management, so nothing changes in that regard. And as I said, Jim will be actually running the company.

I am very comfortable turning the reins over to Jim of this company. I feel totally confident in his ability to step into the role and bring the company to the next level. Jim has got a remarkable background. He is one of the longest sitting CEOs in the energy business, 17 years. Twelve years ago, he put PSI and CG&E together and created Cinergy. He has almost an unbroken string of year-over-year value creation, and I think one of the best track records of any energy executive out there. He also shares an awful lot of the values and views of the industry that I hold near and dear, and so we have found, as we have talked through where are we going from here, we have very little difference of opinion as to what the industry is going to look like five or ten years from now, what should this company look like five or ten years from now. So I am very confident handing it over and, as I say, I am also relieved handing it over because it will give me more time to pull back and think lofty thoughts, and not worry about what is going on in terms of storm damage.

I would like to just end by saying I have enjoyed the two-and-a-half years of being CEO of this company, and I appreciate the support of all of you in this room. I know you have followed the company closely. Some of you have been very good supporters of the company, great shareholders, and I just appreciate having had that opportunity. So with that, I am going to officially turn the podium over to Jim, and I will just take my place and become "eye candy."

Jim Rogers - *President and Chief Executive Officer, Duke Energy*

Thank you very much for those kind words. I am sure Kathy would agree with your eye candy characterization; however, I will keep my own response to myself.

Let me first congratulate you for steering Duke Energy in the right direction these last two-and-a-half years. You have created terrific value for shareholders, and quite frankly you have set a very high bar. I appreciate the confidence that you and the Duke Energy Board have shown in me. My challenge, and my commitment, is to build on your success.

Also, I would like to congratulate and thank all of our employees at both companies who got us here. It is an honor for me to serve the people of the new Duke Energy.

Today, I would like to talk about three things. First, I will discuss the key challenges that face the electric power industry, and why our combined power businesses are in a strong position to meet these challenges. My hope is that after this discussion, you have a better understanding of how we intend to grow earnings and dividends in both the near and the longer term in this business.

Second, I'll talk you through the merger scorecard we will use to measure and track our progress as we execute on our integration plan.

Thirdly, I would like to describe what our new segment reporting structure is going to look like.

Before I get to that, let me remind you of a few statistics about the new Duke Energy. We have assets totaling more than $70 billion. Our market cap is approximately $36 billion. Our retail businesses have 3.8 million electric and 1.7 million gas customers, and we have more than 40,000 megawatts of net generating capacity.

Our newly combined power business joins our natural gas businesses to rank among the largest in North America. We have a large and very diverse portfolio of businesses. Let me run through them quickly for you all.

First, Duke Energy Gas Transmission. It is a solid, consistent contributor to earnings and cash flow. Our pipeline system consists of over 17,500 miles of transmission pipe in the U.S. and Canada. This system is linked with over 250 billion cubic feet of gas storage in both the supply and market area. In Ontario, Canada, Union Gas serves over 1.2 million retail gas customers through 35,000 miles of distribution pipe. Our assets are primarily concentrated in the East, due to our Texas Eastern and Algonquin roots. However, in western Canada, we own and operate sour-gas gathering and processing facilities, and a strategically located pipeline.

As far as other business lines, Duke Energy Field Services is a 50/50 joint venture with ConocoPhillips. It has about 56,000 miles of pipeline and 54 processing plants. They transport and/or process 7 billion cubic feet per day of natural gas, and produce about 350,000 barrels per day of natural gas liquids. Our new business is North American Nonregulated Generation and Marketing, and to be honest with you, that name is probably going to be changed. It is a little too complicated. But let me talk about the business.

This business is engaged in the sale and marketing of electric power and generation services. It includes the former DENA Midwest plants and CG&E's commercial plants. It owns and operates approximately 8,700 megawatts of capacity. The plants are a mix of coal and gas, and today more than 4,000 megawatts of that capacity is committed to Ohio customers through 2008.

Duke Energy International owns and operates more than 4,000 megawatts of power generation facilities, and sells electric power and natural gas. Its primary focus is in Latin America.

Finally, there's Crescent Resources, which manages land holdings and develops high-quality commercial, residential and multi-family real estate projects. We didn't show Crescent on our maps, but they conduct business in nine states, primarily in the Southeast and Southwest.

Our regulated electric and gas service territory covers 47,000 square miles in five states, has approximately 28,000 megawatts of generating capacity and, effective today, our electric and gas utilities, formally Duke Power in the Carolinas, Cincinnati Gas and Electric in Ohio, Union Light, Heat and Power in Kentucky, and PSI Energy in Indiana are all known as Duke Energy.

All of our major businesses have adopted the Duke Energy name except Union Gas and Crescent. You can see the diversity in our portfolio and the strength of each business. We believe their collective strength will help us deliver superior growth in earnings and dividends over time.

Let me now turn to the challenges we see in the power industry. The reason I am focusing today solely on the electric side of the business is because that part of our portfolio is most impacted by our merger.

In addition, we talked with you in December about our Gas Transmission business. Quite frankly, there really isn't much to add to that discussion at this time.

Some of you all may know Larry Makovich. He is the managing Director of CERA. In a recent discussion with our new management team, he noted five major challenges that our industry is facing over the next five years. We thought about these challenges, and I would like to share them with you, as well as why in my judgment the new Duke Energy is exceptionally well-positioned to succeed in this environment.

The first challenge is fuel flexibility. Larry expects natural gas, oil and coal markets to continue to go through non-coincident multiyear cycles with strong seasonal volatility. We agree with that.

The second challenge is power price shock. Fuel price run-ups and deregulation price cap expirations are reversing the decade-long decline in the real price of electricity. He expects that price shock at the retail level, and he expects political backlash. We are already seeing that in some states across the country today.

The third challenge is environmental issues. Incremental environmental policy creates an expanding, multilayered set of requirements. The hybrid of regulatory processes and market forces present risk for capital recovery, especially for environmental CapEx.

The fourth challenge is resource adequacy. He views that there is a narrow window of opportunity that exists today to set the rules that ensure the right amount, the right mix and the right timing of additional power supply. I think this point is especially true in competitive markets and especially true as we begin the beginning of the next building cycle in many regions of our country.

The fifth challenge is growth. He believes that organic growth is insufficient in a structure that lacks economic growth and is working off a supply of surplus in most regions of the U.S.

Let me talk about these challenges, and talk about Duke Energy, and talk about how we're going to address these various challenges going forward.

The first is fuel flexibility. As you can see, we have a diverse fuel mix. Our more than 40,000 megawatts of net generating capacity includes coal, nuclear, gas and hydro plants. We are not dependent on any one fuel. This fuel diversity mitigates our exposure to the economic and environmental risk associated with each type of fuel.

Our generation capacity nears the overall balanced fuel mix in the U.S. power industry, which in 2005 was roughly 50% coal, 21% gas, 20% nuclear and 9% from other sources. But this next point is probably the most important point in terms of keeping our prices competitive and dealing with the volatility in the fuel prices. The majority of Duke Energy's actual energy production that we deliver to customers, some 90% of it, comes from coal and nuclear. In my judgment, that helps us keep the prices low. If you look at our coal contracts and how they roll off over time, it helps us mute price volatility.

Four of our jurisdictions have fuel adjustment clauses. Kentucky will have one beginning in 2007. Of course, as all of you all know, we are always subject to second-guessing by regulators, but as I look back over the history of all our companies, we have had virtually none of our fuel costs disallowed in the past. In the future, we will continue to add to our balanced generation portfolio. We recently made announcements about exploring the building of new IGCC, pulverized coal and nuclear power plants.

Of course, we have not made the final decision with respect to any of these plants. Each of these options must have advance regulatory approval, and I think the advance regulatory approval is critical before we make significant investment in them. Obviously, we want to be assured by the regulators that we can recover these costs in the future, and I will talk a little more about that in a few moments.

The second challenge is power price shock. We are striving to minimize the impact of volatile fuel prices on our customers by taking advantage of the fuel diversity and purchasing lower-cost power when available. We also are utilizing our very efficient fuel delivery system, but again it gets back to the earlier point that I made, and that is our blend of coal and nuclear puts us in a strong position to smooth out any price increases that we will see -- that our customers will see going forward.

We start at a good place. Our retail electric rates are below the national average and are expected to stay there in all jurisdictions except for Ohio. An approximate $100 million generation rate increase for residential customers took effect in Ohio on January 1, 2006. This increase was under the provisions of the rate stabilization plan, and includes recovery of fuel costs. The rate stabilization plan, as you all know, will be in effect through 2008. Ohio is the only state where we operate that the retail markets have been restructured, and I compare it to all the other states that are dealing in competitive markets, and they are the only one that had the foresight to put in place rate stabilization plans that will allow the smoothing of price increases going forward. It was really the leadership of the Commission and the consumer groups that really allowed us to get that done in Ohio.

We are doing everything we can to protect our customers from price increases in the future. We will continue to focus on energy conservation and efficiency, and on advancing policies that encourage wise energy use.

The third challenge is environmental issues. The industry is looking at significant requirements for capital spending to reduce emissions of SOx, NOx and mercury. In our $4.3 billion CapEx program for '06, approximately $900 million is expected to be spent on environmental equipment. We are continuing to install scrubbers on our largest coal units to comply with more stringent limits on SOx, NOx and mercury.

With this scrubber technology, we will have the opportunity to use different types of coal. This variety that we have designed for will help us mitigate future fuel price increases. In Indiana, we are seeking regulatory approval of a settlement with the Consumer Counselor on our $1 billion environmental compliance plan, and we expect a decision this quarter. Our approximate $2.4 billion environmental construction program, which began in late '04 and runs through '08, will see the installation of 25 scrubbers – 12 in the Carolinas and 13 in the Midwest, where we already have four of these units operating today.

By 2009, when all scrubbers are online, we believe we will have the higher percentage of scrubber units on our fossil fleet than any of the major coal-fired utilities. Our aspiration is to have one of the cleanest coal fleets of the top five consumers of coal in the U.S., and we are well on the way to achieving that.

We are also preparing for a future in which we believe greenhouse gas emissions will be regulated. Paul and I have worked hard, thinking through the right policy to move forward, and are trying to lead the discussion in the U.S. so we can shape a policy that makes sense for our consumers, as well as our investors. Our strategy going forward is to continue to be proactive, in the hope of molding and shaping the emerging U.S. policy.

The fourth challenge is resource adequacy. Again, as I mentioned before, CERA is of a view that there is a narrow window of opportunity to set the rules that ensure the right amount, mix and timing of additional power supply, especially in competitive supply markets.

Given the long lead times to build new base-load plants and the increased complexities of environmental compliance, we must develop long-range plans to ensure that we maintain adequate reserves in all of our regulated jurisdictions. As I noted a few moments ago, this is why Duke Energy Carolinas is exploring building a new coal plant, which would be included in rates in the Carolinas. We are pursuing building an IGCC power plant in Indiana to replace one of our oldest pulverized coal units. And we are among the first companies to announce the intent to pursue a combined construction and operating license for a new nuclear plant that could come online in 2015 or 2016.

However, and again, I'm restating this in a way, we're not prepared to commit capital for any new generation without pre-approval of the plant technology, as well as the assurance of an adequate cost recovery mechanism as we build.

We have an obligation to provide power in each of our regulated states and we will. But how we do it will be consistent with the risk and reward of the regulatory framework in each of these jurisdictions.

The fifth challenge for our industry is the challenge of growth. We expect an average 1.5% organic growth rate in terms of kilowatt-hour demand over the next three years in our five states. This is in line with the national average. As I look at our reserve margins today and our integrated resource plans, it is clear that we have adequate capacity over the next three years, but as we look out beyond that, we recognize that we need to build additional capacity to serve our customers. We believe we can effectively meet the growth challenge near-term by harvesting our merger savings, and in the longer term with timely recovery of additional capital invested in new base load, as well as environmental retrofits.

To summarize, when you consider our assets, our resources and strategies for meeting these five challenges, I don't believe you will find any other company as well-positioned in these areas as we are. In my judgment, this gives us the capability to outperform other companies in our industry during these changing times.

Paul and I are very proud that our team managed to close this merger in 11 months. I would call that warp speed in this industry. This accomplishment, however, has built powerful momentum as we execute on our plans to achieve the merger savings. We have done a good job of delivering on what we promised.

First, as Paul mentioned, we announced the merger here in New York on May 9th. We said we would close in the summer of '06. Here we are back again on April 3rd. Second, we obtained all of our regulatory approvals, including regulatory agreements in five states with mechanisms for the fair sharing of merger savings between shareholders and customers. Third, we increased the Duke Energy annual dividend by 12.7%.

Our next priority is to achieve all of the merger cost savings and comply with the numerous conditions we have agreed to in the five states. We believe that a successful integration requires that we effectively and efficiently comply with these conditions, and that is our goal.

Let's talk about how we're going to measure success. I am not aware of any other company in our industry or any other industry that has proposed to put in place a merger scorecard. We know it is important for us to prove ourselves to you and build credibility around what we have promised. So let me show you the scorecard we are going to use to measure the success of our merger.

No matter how we fare on this, we are going to share how we are doing when we come back to report our third-quarter results. Our scorecard has key metrics that we will use to track results. Each one has an executive sponsor and a reporting owner, and they are accountable for the following areas.

First, financial results, which includes total workforce, costs to achieve and non-fuel O&M tracking. As a reminder, we plan to harvest roughly $650 million in aggregate in net savings through the first five years.

Second, operational results. Focusing on safety, environmental performance, distribution system reliability and plant efficiency. As we reduce our costs, we want to make sure we don't lose our focus of creating value for our customers. And as you might imagine, we will be sharing this with the regulators in each of our jurisdictions.

Third, customer satisfaction and employee engagement are two areas where we do a great job and where we've been recognized by J.D. Power. We will be using surveys and other tools to measure our progress there.

The fourth and final block on our scorecard will track the completion of integration projects launched as part of the merger. Examples would include IT, HR, accounting systems and SOX compliance processes.

Finally, I have committed to completing our 2006 charter goal, most notably delivering on our 2006 financial objective and positioning the company for growth in 2007 and beyond. Part of that is all about completing the DENA exit and pursuing strategic portfolio opportunity, which I will talk more about in a moment.

My first 100 days will be very internally focused. Tomorrow, we're having our first Board meeting. Then I am going to be meeting employees, visiting our facilities and focus on learning our businesses inside and out. So the next time you will hear from me will be when we report our second-quarter results. I am excited about the prospects of seeing the build on the successes of Duke Energy, and to continue delivering exceptional value the way Paul has delivered value the last two-and-a-half years.

Now let me quickly turn and talk about our reporting segments going forward. In just a moment, David will give you their EBIT expectations, but I want to be sure you understand the structure. This slide shows the business reporting segments and the leaders accountable for the results. We have a strong team and, working with Julie, I would like to give you the opportunity to meet them. I think this is very important for you to see our team and the depths of our bench. I want you to get to know them through presentations such as this one. I am certain that once you have had a chance to get to know them, you will see what I see in them – a credible, talented and versatile team.

The biggest change in the reporting structure is the combining of all of our franchised electric and gas utilities in the Southeast and the Midwest into the U.S. Franchised Electric and Gas segment. Our nonregulated businesses – generation in the Midwest, Generation Services (formerly Cinergy Solutions) and our trading and marketing businesses – will be reported in its soon-to-be-changed name, now reported here as North American Nonregulated Generation and Marketing. Other than these two changes, the Duke Energy reporting segments will remain unchanged.

With that as backdrop, I will turn it over to David for the 2006 financial outlook for each of these segments.

David Hauser - ***Group Executive and Chief Financial Officer, Duke Energy***

Thanks, Jim. Some things change, and some things stay the same. For the last two-and-a-half years, Paul has stood up in this kind of forum and told you all the great and exciting things we were going to do, and I've come along and told you the dull and boring dollars associated with all that. Now Jim, prospectively, is going to tell you the great and exciting things we're going to do starting today, and I am coming along and I've got more dull and boring numbers. So you've got to understand your role when you get into this.

So I'll use most of the remaining time we have this afternoon to update you on our earnings expectations, now that we've combined all the financials into a single earnings model, and also lay out our new legal structure.

Jim has already shared with you the new reporting structure. So before I go into EBIT expectations for those businesses, let me explain what our first-quarter earnings process will look like. Because Duke Energy and Cinergy were two separate companies in the first quarter of 2006, you will see two separate SEC filings. However, we will announce earnings on May 2 in a single press release, followed by our usual earnings call.

Cinergy's earnings will be reported on an ongoing basis, consistent with Duke Energy's practice. You should also be aware that we won't provide consolidated numbers for the quarter, either formally or on a pro forma basis. However, we know that many of you will try to do this on your own. And the risk is, you may not come up with the right answer. So what we will be doing going forward is to try and provide you some of the items to consider, such as mark-to-market earnings for example, as you add the two companies' earnings together.

So let me move on to update you on our outlook for 2006. During our earnings webcast in February, we were only able to provide you with financial targets for the Duke Energy business segments as they stood at the time, without any impacts from the merger. But as promised, we now have a fully integrated model and can update those numbers for you.

We have updated our outlook for the U.S. Franchised Electric and Gas, North American Nonregulated Generation and Marketing, and “Other” reporting segments. We are providing this update to include the anticipated nine-month ongoing EBIT contribution from Cinergy of $800 million, the anticipated cost savings of $140 million, the approximate $140 million to be returned to the customers in 2006 as part of the sharing agreements, and a $60 million pretax benefit as a result of the purchase accounting adjustments related to the merger.

Just a caveat on that $60 million. It is based on the pro formas, those amounts as of September 30, 2005, that were in our S-4 filings. So the exact amount of the purchase accounting will change to reflect the actual fair value as of the closing date. The expectations we have provided in February for Gas Transmission, Field Services, International and Crescent are unchanged. Three of our business segments were affected by the consolidation of earnings.

I will begin with U.S. Franchised Electric and Gas. Ongoing segment EBIT is expected to be approximately $1.95 billion. Let me explain how we arrived at that number. First, we've continued to expect the contribution from Duke Energy Carolinas to be essentially flat with 2005 ongoing results, which were approximately $1.5 billion. The Cinergy regulated businesses are expected to contribute approximately $530 million, with about another $50 million coming from overall expected merger-related savings for the year. About $130 million of the approximate $140 million we expect to return to our customers will be coming from the Franchised Electric and Gas business.

We will look for ongoing segment EBIT from North American Nonregulated Generation and Marketing to be approximately $325 million. About $250 million will come from the generation assets, and about another $20 million from the expected merger-related savings for the year. In addition, virtually all of the income statement impact of purchase accounting will be recorded here.

Then the “Other” segment. “Other” is anticipated to be a loss of about $250 million. The difference between this expectation and the $330 million we previously discussed comes primarily from moving DENA's continuing operations into the nonregulated business segment. The balance of the merger-related savings will be reflected here, but these are virtually offset by other governance charges coming from Cinergy.

The expectations for all other income statement items that we discussed in February are unchanged. So with that, you should be able to get to the $1.90 that is the employee incentive target for 2006. And, as we said back in September, we are looking for long-term, ongoing earnings per share growth of 4% to 6% annually, with a 2007 target of $2 per ongoing diluted share. We are still comfortable with that expectation.

Now let's move to our legal and financing structure. Duke Energy Corporation is now the holding company for Duke Power, Duke Capital and Cinergy. This slide illustrates the primary financing nodes under the new Duke Energy. As the slide shows, we are not currently planning to issue new debt at the holding company level, but we plan to review this periodically as our business needs change.

On the electric side of the business, Duke Power will now be a subsidiary of the new Duke Energy Corporation. The debt held at Duke Energy prior to the merger will now reside at the Duke Power level. And Duke Power will remain obligated for the servicing of that debt. In addition, Duke Energy Corporation, the holding company, will guarantee the legacy senior unsecured debt of Duke Power.

Under the Cinergy node, CG&E and PSI will continue to finance their operations at their respective legal entity level. Under Duke Capital, we maintain pipeline financing capability at the appropriate entity for regulatory purposes. West Coast and Union Gas are currently the largest issuers under Duke Capital. We may also issue project-related debt at various subsidiaries under Duke Capital, as appropriate.

Each of these nodes is currently investment grade. We have made significant strides to improve the risk profile of the company, primarily with our decision to exit DENA and by merging with Cinergy, increasing the percent of earnings that will come from the regulated side of the business.

Last week, Moody's placed the long-term ratings of Duke Energy Corporation and Duke Capital under review for possible upgrade, making reference to our lower risk profile. On Friday, Standard & Poor's announced its ratings for the new company, and referenced the improved business risk profile. Duke Energy and each key financing node will be rated BBB on its senior unsecured debt.

Cinergy Corp. was rated BBB-, but it is not a significant financing node prospectively. As I said in February, I plan to focus less on the debt-to-cap ratio and more on the Funds From Operations interest coverage, as we believe this measure is a better indicator of the company's credit strength. We expect the Funds From Operations interest coverage to be approximately 4.7 times at the Duke Energy consolidated level, which should result in strong investment-grade credit ratings. And we plan to maintain our disciplined approach to the balance sheet.

One final note – Duke Energy resumed its $2.5 billion stock buyback program on March 13th, after the shareholder vote approving the merger. The Board has approved a total stock buyback of up to $1 million in 2006. Unlike the first tranche of stock we purchased last year, we are not doing an accelerated buyback in 2006. As of March 31, we've repurchased 3 million shares at an average price of $29.1275.

So with that, I'll turn the podium back over to Jim for his closing remarks before we take your questions.

Jim Rogers - *Duke Energy - President & CEO*

David, thank you very much.

Our commitment is to focus on what really matters to you. First, to grow earnings and dividends over time and, as David said, we see growth in earnings in our business in the 4% to 6% range, and we have a target payout of roughly 70%. Second, to achieve the full value of our portfolio by proactively evaluating our mix of businesses. This is something Paul focused on so well, and we intend to continue to do that good work. Third, to reinvest in the business, including exploring new coal and nuclear assets, environmental retrofit and building new pipeline. Fourth, to develop a strong leadership team with a deep bench. You're going to have an opportunity to get to know some of these key leaders. And finally, providing clear and straightforward communications with you and all of our stakeholders.

One of the things that we believe provides value to investors is an earnings stream that is predictable and stable. We have the largest, most diversified, regulated gas and electric platform in North America, with more than 71%, or over $3.4 billion, of our anticipated '06 ongoing EBIT coming from regulated operations.

Let's think about the operations for a moment. We have low- risk gas pipeline operations with a long record of stable and predictable earnings. We enjoy strong regulatory and customer relationships through these businesses. Equally important, we have very little volume risk, due to the rate design employed by the U.S. pipelines and cost-of-service regulations in Canada. Our integrated electric platform has a history of achieving constructive regulatory outcomes that are fair to both customers and investors in all five states. And just think back to the conversation we had earlier. When you look at the challenges that we will be facing over the next three to five years, we are very well-positioned to meet those challenges head-on, and create value that will differentiate us from others in the industry.

Let me now turn and talk a little bit about how we're going to unlock the value of our portfolio. Our ability to pursue market opportunities has enhanced our strong balance sheet and our ability to access the financial markets. Cash generated from operations is solid. As you look at this portfolio, and in my judgment, the primary objective of our portfolio management approach will be to ensure that we have the right combination of physical assets and financial flexibility to deliver the highest possible returns to our investors in both the short and long term.

One of the key ways to begin to maximize the value of this portfolio, in my judgment, is to do a sum-of-the-parts analysis of the company, and we have done that. We have talked about it. And from our sum-of-the-parts analysis, we believe that our stock price today does not reflect the full value of these businesses.

One of my major objectives is to work with Paul and others to determine how to realize this value. I am committed to delivering this value as soon as it makes sense. From this discussion, I believe that you can see how we are relentlessly focused on what matters most to you. As of today, the objectives the Board of Directors laid out for Paul at the beginning of this year are now mine. This gives new meaning to the phrase “stepping into his shoes.” And like Paul's, my compensation is entirely in Duke Energy equity. I can't think of a more powerful motivator.

I will be very focused on growing earnings and dividends, and very focused on maximizing the value of the businesses in Duke's portfolio. We believe as one company, one team and one stock, we are truly taking the right action in the right direction and at the right time. Thank you all so much for being here today. We would like to open it up to any questions that you all might have, and I am totally prepared to defer all the hard questions to Paul.

QUESTION AND ANSWER

Julie Dill - ***Duke Energy - Group Executive, Investor Relations, & CCO***

We will start taking questions, and I am going to ask you to please state your name because we are webcasting this. So if you don't mind, we will start over here.

Craig Shere - ***Calyon Securities - Analyst***

Jim, a couple of questions for you, and then one for David. David, the easy one is: Are the share repurchases planned to be at regular intervals, or would it be more opportunistic? And then -- should I just wait a second and get an answer there?

David Hauser - ***Duke Energy - Group Executive & CFO***

The share repurchases are set up under a 10b-5 program. So they are regular.

Craig Shere - ***Calyon Securities - Analyst***

Jim, two questions. One, in '05, Cinergy took advantage of the ability to sell excess emission credits. As you move toward the predominantly scrubbed fleet at Duke, what is your policy towards emission credits? And to the degree that you do sell them, how do think regulators should evaluate the earnings from the sale of emission credits, in terms of allowed rates of return? And then the second question was, on your sum-of-the-parts analysis, what is the appropriate EBITDA multiple?

Jim Rogers - ***Duke Energy - President & CEO***

Well. with respect to the last, I won't be sharing that. But Paul has told me he has done his sum-of-the-parts analysis and he thinks anything short of $40, I am underachieving. But let me talk to you about the emission allowances. We have, as you know, a deregulated fleet in the Midwest that is coal-fired. And every day when we look at meeting our needs under the rate stabilization plan, we look at what the cost of power is, what the value of emission allowances are, what the value of our coal is. We make decisions every day as to do we buy power in the market, or do we run our units. And we have worked out an arrangement with the state with respect to how we do that, and what we have strived to do, and there have been moments where we could buy power cheaper and create more value by selling emission allowances and selling your fuel.

Under the rate stabilization plan, we have certain tracking, and we have gone through an allocation of the existing inventory of emission allowances, and that is pretty straightforward. And that will continue to be how we think about that part of the business going forward.

In our regulated entity, as a practical point, we have historically, as we sell these emission allowances at the end of the day, they are accredited against our fuel in some cases. In other instances, we keep the revenue. So it really varies from state to state.

Paul Fremont - ***Jefferies - Analyst***

Can you tell us where you are this quarter in synfuel production, versus where you were the same time last year, and can you update us at this point on what you think the level of production is going to be on the year?

Jim Rogers - ***Duke Energy - President & CEO***

I don't have the specific numbers on our synfuel production at this point. I know there has been legislation pending that would allow us to run the units based on a market price from the prior year, but we have made that decision almost on a monthly basis as we have looked forward. My judgment is that we – I can't remember exactly the equation for how the oil prices and how you run it, but our guys are very focused on trying to do that in a way that maximizes the value of those credits, but also is mindful of the risk going forward in terms of the actual O&M from the operations of those units. because trying to get that balance right. Paul, I don't know the exact number.

Paul Anderson - ***Duke Energy - Chairman of the Board***

Let me add two things. Keep in mind, now that the entities are merged, Duke Energy Field Services is a very good hedge to the synfuel credit. So basically as the price of oil goes up $1 and you lose some of the synfuel credit, you gain at Duke Energy Field Services. And assuming that the price of an NGL correlates well with oil, you actually gain more than you lose from the synfuel credit.

Paul Fremont - ***Jefferies - Analyst***

Were the facilities running at all in the first quarter?

Jim Rogers - ***Duke Energy - President & CEO***

They were.

Paul Patterson - ***Glenrock - Analyst***

I wanted to ask two questions. When was the potential for regulatory review in North Carolina? There was some test reports on that. What is driving that and at the ROEs that you plan -- the EBIT contributions, what they mean in terms of ROEs for 2006? And then second, a broader question. On the one hand, you have -- if you look at the business and we look at the mix of regulated versus unregulated, it helps you deal with the challenges that are coming out and that is a big part of the presentation.

On the other hand, you're saying sum-of-the-parts analysis sort of indicates that we should be getting a higher valuation. We want to make sure that we get that value. Could you just give us a flavor as to whether or not you might be thinking of spinning off other things other than the gas? What your philosophy is going forward, if on the one hand you want to have the stability of the regulated business sort of helping about. On the other hand, you're saying, hey, if we break it up, it is worth more. Just help us through that, if you don't mind?

Jim Rogers - ***Duke Energy - President & CEO***

Sure. I will start with your second question and then ask Paul to add to it. But my judgment is, it is a balancing act in some instances. We see that value of our portfolio and we see how we can create -- it might create more value and we are reviewing every part of our portfolio. So it is not focused on any single item, but every item. I think it is important to have that continuous review. When we look at it in the context of our assets today and we ask ourselves – are we getting recognition for this value, and is this value helping us have the risk profile that we think is appropriate for our business going forward?

For instance, when Paul moved DENA into discontinued ops, that was an excellent example of reducing the risk profile of the business. And there might be certain things that we do where we not only capture the value, but reduce the risk profile of our ongoing business. So there is a complicated list of things that we will review in making decisions with respect to – do we keep it in the portfolio, or do we find a way too monetize it. Paul?

Paul Anderson - ***Duke Energy - Chairman of the Board***

I'd just sort of look back on what we have done over the last year as an example of the way the thinking is. It is not just spinning things off or breaking things up. If you just look at TEPPCO. We looked at TEPPCO and the multiples that were attached to general partnerships – master limited partnerships – we thought pretty astronomical. And so we chose that as the opportunity to actually sell our general partner interest in TEPPCO, but then we turned around and started another master limited partnership, and figured, well, if we can grow another one and sell it for $1 billion, that is a pretty good deal.

So the timing of when to build and when to hold were very important there. We also took the opportunity to equalize our interest with ConocoPhillips with Field Services, and then we took the cash from that and bought back shares of stock. If you look at some of our operations, for instance our Canadian operation, they are probably underleveraged relative to what others in the industry would be.

If you look at our real estate operation and you say, well, is there a different financial structure that would make sense there? You look at our International – each piece of the business has its unique aspects that you could focus in on and say -- is there a way to increase value, not simply just break it up and throw the parts out, but let's make sure each one of the parts gets full valuation because it is financed and run appropriately for that.

Jim Rogers - ***Duke Energy - President & CEO***

And Paul, with respect to your first question on the North Carolina order, specifically with respect to the rate review, we have expected, given the existing regulatory agreement, to have the regulators take another look at our rates going forward, and all they did is make explicit in this order what we knew was inevitable under the existing regime.

Paul Patterson - ***Glenrock - Analyst***

And ROE?

Jim Rogers - ***Duke Energy - President & CEO***

In ROE. I am sure if you have a full blown rate case, every aspect of it will be look at. Our hope is that as we review these things, we can find a way to negotiate the settlement that makes sense both to our customers, as well as to us. Other questions?

Greg Gordon - ***Citigroup - Analyst***

Just to dovetail on the answer to your last question. You said last year in your "state of the union" address, you thought that hydrocarbon-levered assets were overvalued, and you sort of did what you inferred you would do and you monetized those assets, a bunch of those assets. You created a new MLP. How aggressive can you be in pushing assets down into that new partnership to get the incremental value out of that?

And secondly, when we think about strategy, you said in the annual report that you wanted to be a consolidator. You said that you're not necessarily -- you don't have another deal lined up, but how do we sequence our thought process in terms of your decision to potentially break up the company or not break up the company, versus just through your acquisitions that would grow into the pipeline business or the electric business?

Jim Rogers - ***Duke Energy - President & CEO***

Paul?

Paul Anderson - ***Duke Energy - Chairman of the Board***

With regard to the MLP, our objective is to use the MLP structure as a great acquisition vehicle. Our first order of priority would be to use it for growth through acquisitions, as opposed to just taking assets that we currently have and basically holding them in a different structure that would be more capital-efficient. Now, I think we can aggressively move a lot of things into the MLP structure, but the real focus will, first of all, be – how can you grow the MLP independent of the assets that you currently have, and then you can feed it with assets that are within the company if it makes sense. But I think the first priority will be acquisitions. With regard to -- what was the second question?

Jim Rogers - ***Duke Energy - President & CEO***

The second question is really around consolidation within the electric industry.

Paul Anderson - ***Duke Energy - Chairman of the Board***

Okay. As far as how you think about this in terms of a spinoff of gas, versus going for a consolidation. I think that the next priority that the company is going to face is that – certainly the Board feels the next priority, in terms of portfolio management – is addressing the issue of gas and electric. The management has their hands full right now with integration. We have got a great process going and I think it is going to be super, but as Jim has said, we have to earn the right to do the next utility acquisition.

So I think in terms of focus and all these things we will be looking at simultaneously, but I would say that if you just had to rank-order what are you going to focus on, we will focus on the gas and electric issue before we focus on the next acquisition, but that doesn't mean we're going to fall asleep with regard to the next acquisition.

Michael Lapides - ***Goldman Sachs - Analyst***

Ohio -- you have got FirstEnergy with the generation completely spun out of the rate base and you have got Dayton with an RSP [rate stabilization plan] through 2010, CG&E through what, '08 I think. If I wake up five years from now, that seems to be a little bit of a convoluted statewide regulatory structure. So if I wake up in 2010 or 2012, what does it look like?

Jim Rogers - ***Duke Energy - President & CEO***

Well, I hope you're not sleeping all that time. But let's just say you do wake up, and what you will have found is that – you have found that the road that we started down with these great stabilization plans have proven to really work. The way I think about them is that we could have gone to kind of a system like in New Jersey or Maryland, but we didn't – because our Commission thought that the smart way to do this is almost a negotiated sale from the deregulated plans. Again, it is all about structuring something that works both for the customers and works for us, and our investors.

I think what is going to happen is going to be more of the same. Always dangerous to say that, because then the world will probably change, but as I look out over the next four years to five years, I see – take our position, in all likelihood we will extend the rate stabilization plan whether it's to 2010 or 2012. That might make sense.

It becomes more complicated if we are in a period where we need to add additional generation. I know one of the companies in the state is talking about an IGCC being built in Ohio. But quite frankly, there is no legislative regulatory framework that would allow the recovery. It would have to be a negotiated framework. I don't see the legislature dealing with the issue, because we don't see the significant price increases across the state, and that is because the rate stabilization plan is going to smooth all that out. Higher increases in some areas than others, but not the type of increases that create a strong political reaction. And at the end of the day, we're going to do what makes the most sense for the customer and I think what that is, is smoothing out the impact of increased prices over time. And that really argues well that when you wake up, we will have version three of the rate stabilization plan.

Ray Moore - ***Shields & Co. - Analyst***

David, I am not sure I followed one statement that you made, and I know I have it wrong. But when you were talking about the North American Nonregulated Generation and Marketing -- that is a long phrase -- and the incidentals of consolidation, did you imply that most of the goodwill is going to be booked in this division?

David Hauser - ***Duke Energy - Group Executive & CFO***

The income statement impact of the goodwill, because keep in mind -- not the goodwill -- the income statement impact of the purchase accounting, not of goodwill. So it's the purchase accounting impact, which is $60 million. Most of that is in that segment.

Ray Moore - ***Shields & Co. - Analyst***

And where is the goodwill going?

David Hauser - ***Duke Energy - Group Executive & CFO***

Where is the goodwill going?

Ray Moore - ***Shields & Co. - Analyst***

Yes.

David Hauser - ***Duke Energy - Group Executive & CFO***

The goodwill would be a balance sheet entry.

Ray Moore - ***Shields & Co. - Analyst***

I know, but is it going to go to a specific operation or a specific …?

David Hauser - ***Duke Energy - Group Executive & CFO***

Part of it does get pushed down to Cincinnati Gas and Electric. So some of it will be at the CG&E level.

Ray Moore - ***Shields & Co. - Analyst***

And a follow-up to the last question. The depreciation rates and generation in nonregulated versus regulated, are they different and can we expect them to narrow?

Jim Rogers - ***Duke Energy - President & CEO***

They are today the same.

Other questions? Two questions, three?

Gary Low - ***BlackRock - Analyst***

Jim, just wanted to follow up, should Duke pursue a separation of the electric and gas business, should we expect the event to be credit-neutral to both entities? And can you comment on your targeted credit stats? I know you've showed the slide and your FFO coverage has remained very robust, and I'm just curious if that means you believe that is more leverage that you put on at the operating companies or potentially less so or retiring more debt at the intermediary hold company versus leveraging up the operating company.

Jim Rogers - ***Duke Energy - President & CEO***

I think the short answer is – we will consider all of that in doing it, but let me turn it to David to just sketch out what our targets are, and how we're thinking about it.

David Hauser - ***Duke Energy - Group Executive & CFO***

I certainly think if we did a split, you should view it as a credit neutral event. I think also as we look at our various strategies and think through the risk profile of the company, to the degree we change our asset mix, you could see positive impacts on credit from that also. We do think our credit metrics are very strong. We are very comfortable with where our credit metrics are. I don't think you should assume that you would see increased leverage at the operating company. Is that everything?

Jim Rogers - ***Duke Energy - President & CEO***

Other questions over here?

Ashar Khan – ***SAC Capital - Analyst***

I had two questions. First, could you just talk about dividend policy going forward? When could we see the new entity increase dividends? Is that a next-year item, or is it this year? And second, I have a follow-up question for David on the financials.

Jim Rogers - ***Duke Energy - President & CEO***

Well, David, my view is that the Board makes the determination in terms of dividend increases and I suspect they will review it toward the end of this year.

David Hauser - ***Duke Energy - Group Executive & CFO***

I think we laid out in our business plan when we reviewed that in February, that our norm has been a 70% payout ratio, and we said that the business plan does assume a $0.01 increase in the dividend in the third quarter. That doesn't say we will do that. It's a Board decision, but that is what was in the business plan.

Ashar Khan – ***SAC Capital - Analyst***

David, could you just elaborate about the CapEx going forward for the entity? And whether you are a positive or negative free cash flow producer in 2007 and onward?

David Hauser - ***Duke Energy - Group Executive & CFO***

In '07 and '08, if we spend exactly the money in the CapEx budget today, and we do not do anything like construction-work-in-progress in rate base, so if you don't do any of that, then we are about $0.5 billion cash flow negative after the dividend, after everything in '07 and '08. But I suspect as we get into this and look at the regulatory arena and look at the size of the CapEx program, I suspect this is something Jim and I will have a lot of discussions about.

Jim Rogers - ***Duke Energy - President & CEO***

Right here.

Peggy Jones - ***Citigroup - Analyst***

So you were -- I have two questions -- you were saying you would be discussing the CapEx requirement. Does that mean that it might go up or go down? And then the second question I had was, in the event that you decide to spin off the gas business, should we anticipate that all of Duke Capital would somehow leave the rest of the company, or should we anticipate as you were sort of suggesting, that there will be potential ways to divvy up some of your other businesses other than the gas and electric businesses?

Jim Rogers - ***Duke Energy - President & CEO***

Well, David, I think she was looking at you for that.

David Hauser - ***Duke Energy - Group Executive & CFO***

Well, let me take the second one first. I think if we do a spin, it probably would be a spin of Duke Capital. But we probably would take some things out of it. For example, International or Crescent, those kinds of things. So I do think if we do it, the entity that would be spun would be Duke Capital, though.

And with regard to the first question, when I answered the question about CapEx, what was in my mind was it would go down as opposed to up.

Jim Rogers - ***Duke Energy - President & CEO***

I think she read your mind pretty well. One last question? Any advice? Was that Evan putting his hand up? Well listen, thank you all very much for being here. We appreciate your support of Duke Energy.