

Analyst Meeting

May 2005



Paul Anderson

Chairman and CEO, Duke Energy

Jim Rogers

Chairman, President and CEO, Cinergy

Introduction

- Welcome
- Introduction of speakers
 - Cinergy
 - Duke Energy

Forward Looking Statements

This document includes statements that do not directly or exclusively relate to historical facts. Such statements are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements include statements regarding benefits of the proposed mergers and Restructuring Transactions, integration plans and expected synergies, anticipated future financial operating performance and results, including estimates of growth. These statements are based on the current expectations of management of Duke and Cinergy. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this document. For example, (1) the companies may be unable to obtain shareholder approvals required for the transaction; (2) the companies may be unable to obtain regulatory approvals required for the transaction, or required regulatory approvals may delay the transaction or result in the imposition of conditions that could have a material adverse effect on the combined company or cause the companies to abandon the transaction; (3) conditions to the closing of the mergers and the restructuring transactions may not be satisfied; (4) problems may arise in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected; (5) the combined company may be unable to achieve cost-cutting synergies or it may take longer than expected to achieve those synergies; (6) the transaction may involve unexpected costs or unexpected liabilities, or the effects of purchase accounting may be different from the companies’ expectations; (7) the credit ratings of the combined company or its subsidiaries may be different from what the companies expect; (8) the businesses of the companies may suffer as a result of uncertainty surrounding the transaction; (9) the industry may be subject to future regulatory or legislative actions that could adversely affect the companies; and (10) the companies may be adversely affected by other economic, business, and/or competitive factors. Additional factors that may affect the future results of Duke and Cinergy are set forth in their respective filings with the Securities and Exchange Commission (“SEC”), which are available at www.duke-energy.com/investors and www.cinergy.com/investors, respectively. Duke and Cinergy undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information and Where to Find It

In connection with the proposed transaction, a registration statement of Deer Holding Corp., which will include a joint proxy statement of Duke and Cinergy, and other materials will be filed with the SEC. WE URGE INVESTORS TO READ THE REGISTRATION STATEMENT AND PROXY STATEMENT AND THESE OTHER MATERIALS CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT DUKE, CINERGY, DEER HOLDING CORP., AND THE PROPOSED TRANSACTION. Investors will be able to obtain free copies of the registration statement and proxy statement (when available) as well as other filed documents containing information about Duke and Cinergy at <http://www.sec.gov>, the SEC's website. Free copies of Duke's SEC filings are also available on Duke's website at www.duke-energy.com/investors, and free copies of Cinergy's SEC filings are also available on Cinergy's website at www.cinergy.com/investors.

Participants in the Solicitation

Duke, Cinergy and their respective executive officers and directors may be deemed, under SEC rules, to be participants in the solicitation of proxies from Duke's or Cinergy's stockholders with respect to the proposed transaction. Information regarding the officers and directors of Duke is included in its definitive proxy statement for its 2005 Annual Meeting filed with the SEC on March 31, 2005. Information regarding the officers and directors of Cinergy is included in its definitive proxy statement for its 2005 Annual Meeting filed with the SEC on March 28, 2005. More detailed information regarding the identity of potential participants, and their direct or indirect interests, by securities, holdings or otherwise, will be set forth in the registration statement and proxy statement and other materials to be filed with the SEC in connection with the proposed transaction.

Regulation G

This document 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 included in the printed version of these slides which can be downloaded from our investor relations websites at:

www.duke-energy.com/investors/financial/gaap/

www.cinergy.com/Investors/Reports_and_Presentations/presentations.asp

Duke Energy Strategic Rationale

- Merger will strengthen business platforms and will increase value immediately and in the longer term
- Creates immediate value
 - DUK board intends to increase the annual dividend 12.7% to \$1.24 per share effective September 2005
 - Accretive to earnings
 - Approximately \$400 million in gross annual synergies at a steady state
 - ▶ Regulated savings to be shared between customers and shareholders
- Increased scale and scope of North American generation
 - Regulated operations with more than 25,000 MW of generating capacity
 - Merchant power business with combined 16,000 MW of generating capacity
- Merchant power business gains fuel and market diversity
- Stand-alone strength for both electric and gas operations provides portfolio flexibility
 - Electric operations would be in top 5 of largest in US by implied market cap
 - Gas operations would be the largest in US by implied market cap
- As utility and merchant businesses continue to consolidate, Duke Energy will be very well positioned to participate

Cinergy Strategic Rationale

- Transforming transaction providing substantial value to stakeholders immediately and over the long term
 - 13.4% premium for current Cinergy shareholders
 - Maintains dividend neutrality
- Brings together two premier franchised electric utility platforms
- Mitigates risk by balancing Cinergy's short power position with Duke's long power position in the Midwest market
- Adds fuel and geographic diversity
- Consolidation of trading and marketing operations will enhance opportunities and reduce costs
- Companies share similar values and goals
- Experienced and compatible management teams

Transaction Specifics

- Delaware holding company – Duke Energy Corporation
- Consideration – 100% stock
 - Cinergy shareholders will receive 1.56 shares of DUK for each CIN share
 - Premium of 13.4% based on May 6 closing prices
 - Post merger, Cinergy shareholders will hold approximately 24% of Duke shares outstanding (approximately 310 million shares)
- Duke Energy's board intends to increase its annual dividend 12.7% to \$1.24 per share effective with September 2005 dividend
 - The exchange ratio and dividend increase keep Cinergy's shareholders whole with respect to their dividend

Key Operational Metrics

As of December 31, 2004

	Duke	Cinergy	Combined
Number of employees	21,500	7,850	29,350
Electric customers (millions)	2.2	1.5	3.7
Gas distribution customers (millions)	1.2	0.5	1.7
Generation assets owned (MW) ⁽¹⁾	32,000	14,000	46,000
Generation assets operated (MW) ⁽¹⁾	35,000	19,000	54,000
Service territory (square-miles)	22,000	25,000	47,000

(1) Amounts include domestic and international MW and are rounded.

Merger Combines Two Low-Cost Operators

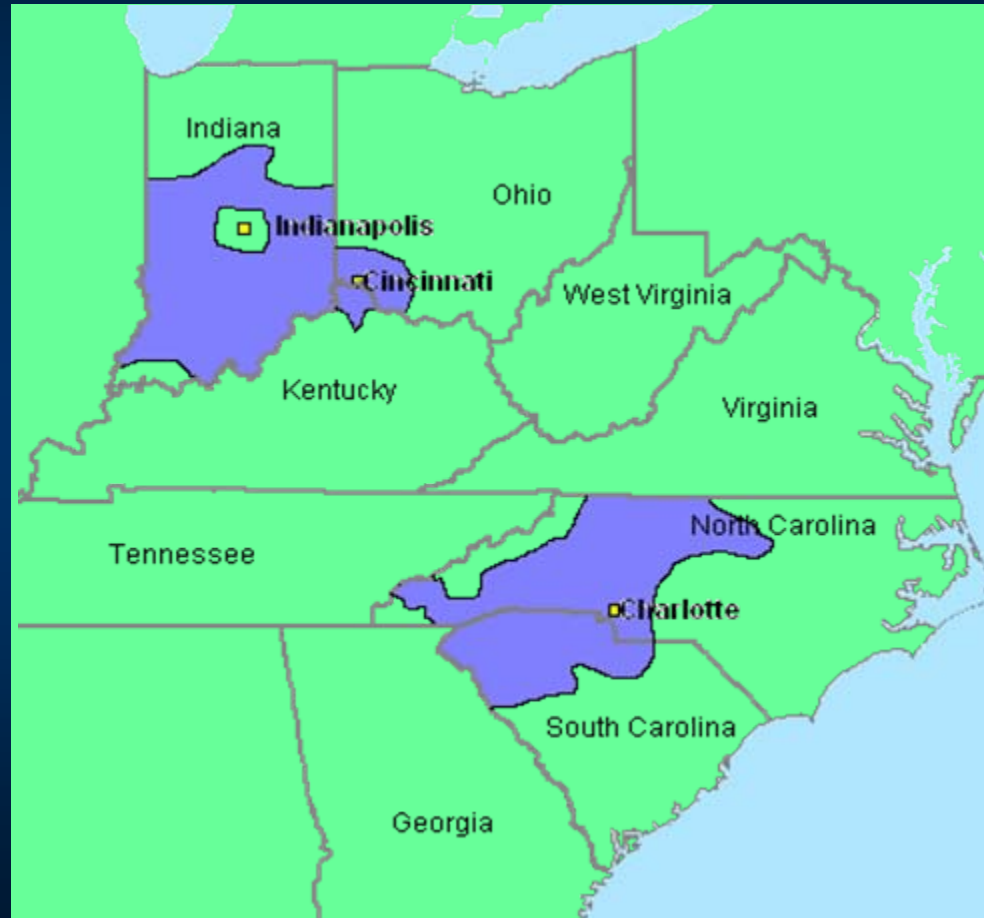
Cinergy

Midwest Regulated Generation

Coal	5,488 MW
Gas	1,263 MW
Oil	259 MW
Hydro	45 MW

Midwest Unregulated Generation

Coal	4,186 MW
Gas	736 MW
Oil	324 MW



Duke Energy

Southeast Regulated Generation

Nuclear	5,020 MW
Coal	7,754 MW
Gas	2,446 MW
Hydro	2,810 MW

Midwest Unregulated Generation

Gas	3,600 MW
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Regulatory Timeline

- State regulatory approvals
 - File applications by June 30
 - Expect approvals within 9 months after filing
- FERC
 - Filing expected in July
 - Expect approvals within 10 months after filing
- SEC
 - Approval expected 4 – 6 weeks after obtaining all state and FERC regulatory approvals
- Other filings include DOJ, NRC, etc.

Merger Cost Savings

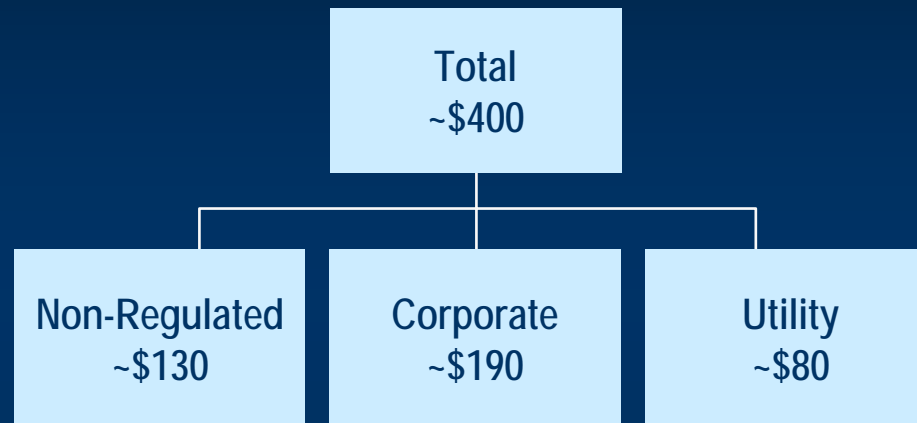
- Approximately \$400 million in annual pre-tax cost savings, before costs to achieve, by year 3
- Savings are ~50% non-regulated and 50% regulated, before sharing between customers and shareholders
- Costs-to-achieve largely incurred by end of year 2
 - ~ 40% expensed
 - ~ 60% capitalized
- Rapid integration approach to achieve Day-1 readiness and accelerate savings realization

Five-Year Savings Summary
(\$ in millions)



Cost Savings Distribution

Origin of Savings before Costs to Achieve (Year 3) *(\$ in millions)*



- Workforce reductions of about 1,500, or about 50% of total savings:
 - Corporate and shared services
 - Regulated utility back-office
 - Non-regulated marketing, trading and operations

Financial Highlights

- Accretive to earnings
 - Accretion of 10¢ to 15¢ after completion of costs to achieve, based on 2006/2007 consensus Wall Street estimates *
- Tax-efficient transaction
- Improves risk profile
- Good cash generation
- Dividend payout ratio expected to approximate 70%

* *This does not reflect sensitivities the company may have used in its evaluation process*

Other Financial Items

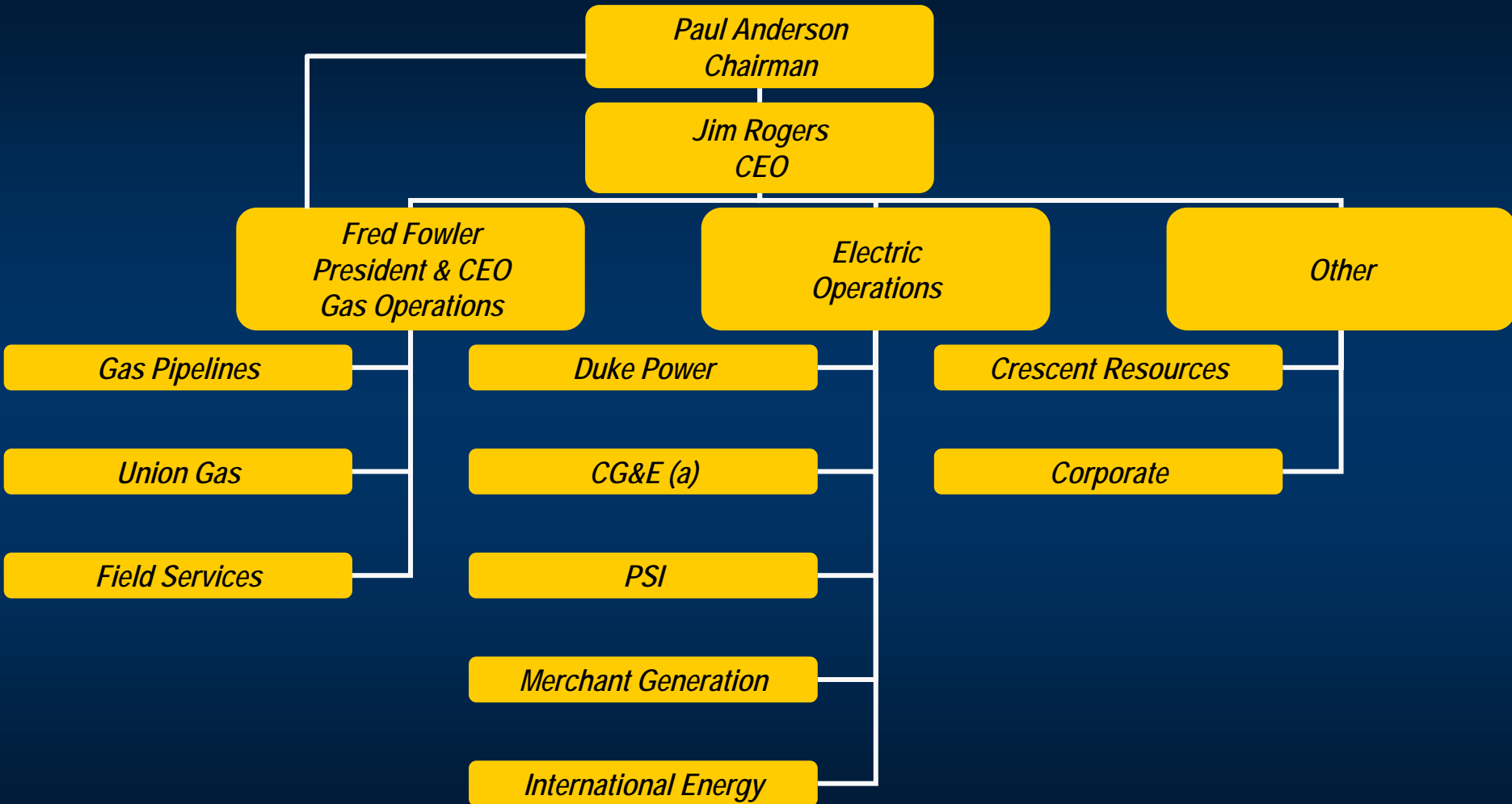
- Key credit metrics
 - Debt to total capitalization: about 45%
 - FFO interest coverage*: 5.5 – 6.0x
- Incremental goodwill of approximately \$4 billion
- Stock repurchase programs
 - 30 million program
 - 6.6 million shares repurchased as of May 6th
 - Repurchase will continue
 - 20 million program
 - 2.6 million shares repurchased as of May 6th
 - Suspended pending further assessment

* Reg G: FFO Interest Coverage – Funds from Operations (numerator) is defined as net cash provided by operating activities on a GAAP basis. Adjustments to the GAAP number primarily include changes in working capital and adjustments for off-credit entities. Cash interest paid (numerator) and interest expense (denominator) on a GAAP basis are adjusted for interest paid on off-credit entity debt and capitalized interest, which includes AFUDC interest.

Other Considerations

- Initial Board of Directors – 10 named by Duke, 5 named by Cinergy
- Corporate headquarters – Charlotte, North Carolina
- Headquarter offices for PSI – Plainfield, Indiana
- Headquarter offices for CG&E and Union Light Heat & Power – Cincinnati, Ohio
- Duke Power will continue to be headquartered in Charlotte
- Duke Energy Gas Transmission (DEGT) and certain commercial operations will remain in Houston, Texas
- Headquarter offices for Duke Energy Field Services – Denver, Colorado
- Headquarter offices for Crescent Resources – Charlotte

Functional Organization



(a) Includes Cinergy's gas distribution activities

Total Shareholder Return – 5 years



Source: Bloomberg

Next Steps

- Transition Committee
 - Anderson and Rogers to co-chair
 - Subcommittees with co-chairs
- Begin filing for approvals

Summary

- Merger will enhance strong business platforms
- Creates immediate and long-term value
- Increased scale and scope provides greater portfolio flexibility
- Merchant power business gains fuel and geographic diversity
- 12.7% increase to current Duke annual dividend
 - Maintains dividend neutrality for Cinergy shareholders
- As utility and merchant businesses continue to consolidate, Duke Energy will be well positioned to participate
- Closing is expected in summer 2006

