

Sanford C. Bernstein Annual Strategic Decisions Conference

May 31, 2007



Jim Rogers
Chairman, President and Chief Executive Officer

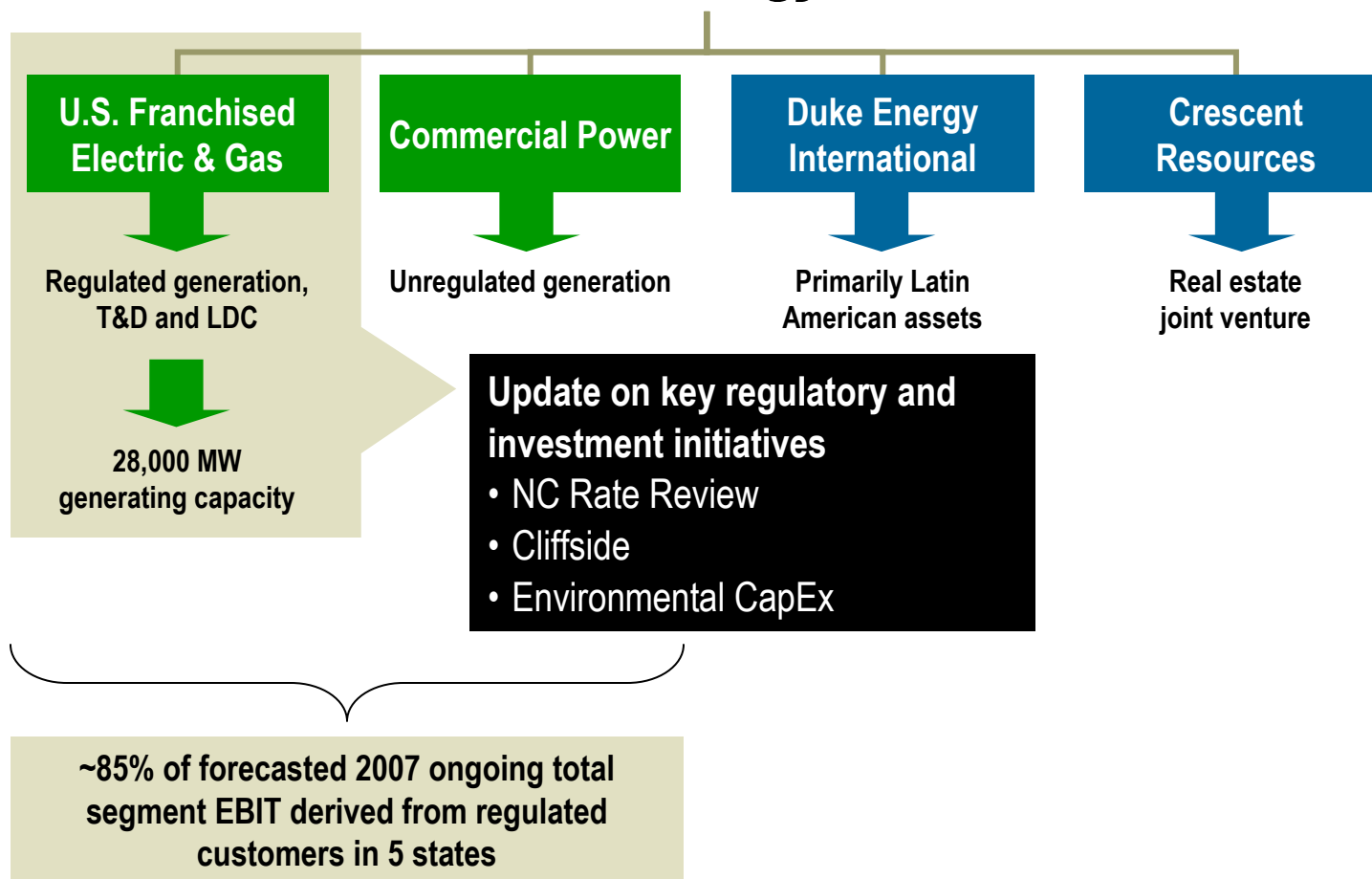
Forward-Looking Information and Regulation G



Some of the statements in this document concerning future company performance will be forward-looking 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's 2006 Form 10-K filed with the SEC and our 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.

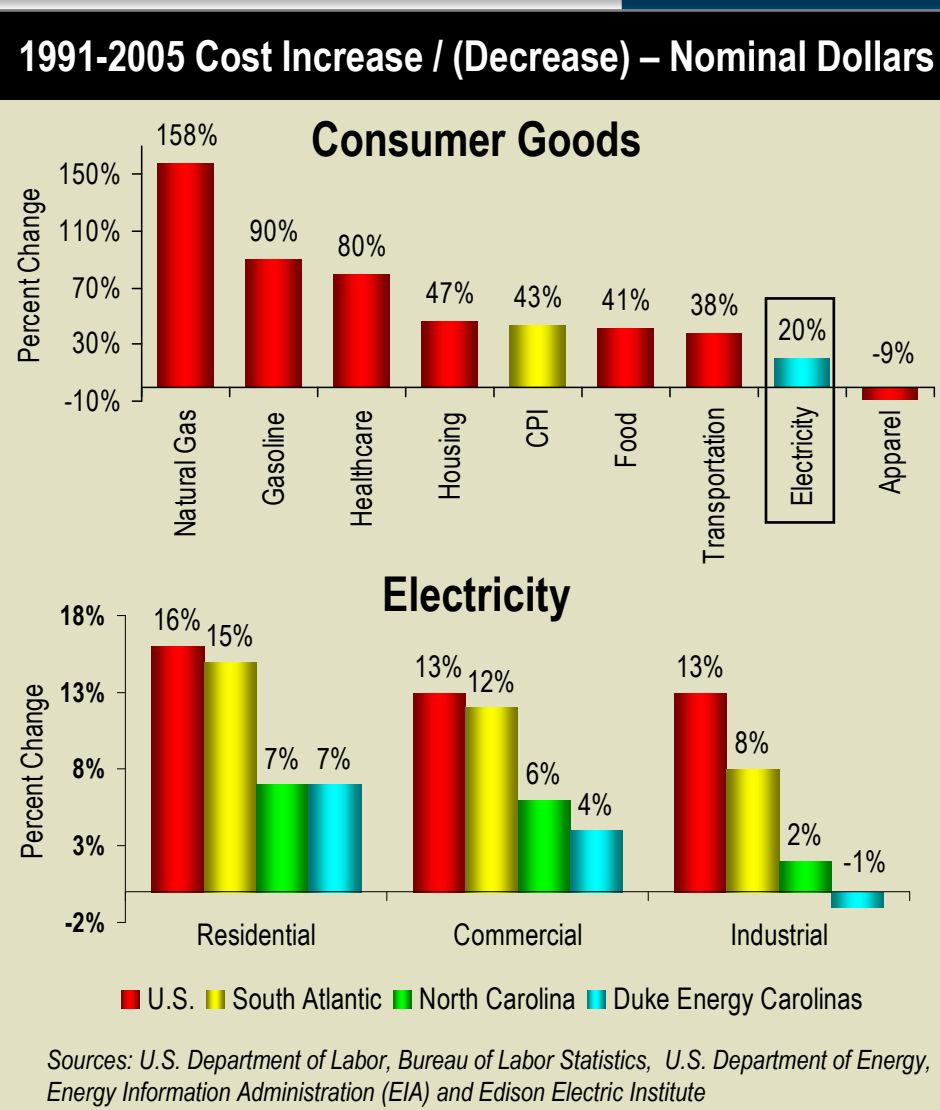
Franchised Electric Update



NC Rate Review



- Required by NC Commission as part of merger approval
- First general rate review in NC in 16 years
- Current prices approximately 20% below the national average and the lowest in NC
- Will work with interested parties toward achieving a settlement
- Commission's order expected late 2007, effective 1/1/2008



North Carolina Rate Review

- Expect to file for a \$140 million dollar rate increase
 - 12.5% ROE
 - 53% equity ratio
- Propose to recover remaining clean air expenditures by including amounts in excess of \$1.5 billion in rate base
- Rates apportioned to improve disparity of returns
- Plan to maintain the BPM sharing mechanism
 - 50/50 sharing provides reasonable incentives

Franchised Electric: Cliffside

- Intend to build efficient 800 MW unit
 - Supercritical pulverized coal with advanced environmental controls
 - In service 2012
 - Plan to retire four 1940's vintage units (~200 MW in total)
- Updated cost estimates filed with NCUC
- Filed for revised air permit – no significant delay expected

<i>(\$ millions)</i>	2006	2007	2008	2009	Thereafter	Total*
CapEx	\$25	\$375	\$625	\$450	\$325	\$1,800
Incremental CapEx	N/A	\$225	\$250	(\$25)	-	-
AFUDC	N/A	\$15	\$70	\$130	\$385	\$600

* Excludes tax credit of approximately \$70 million

Environmental CapEx



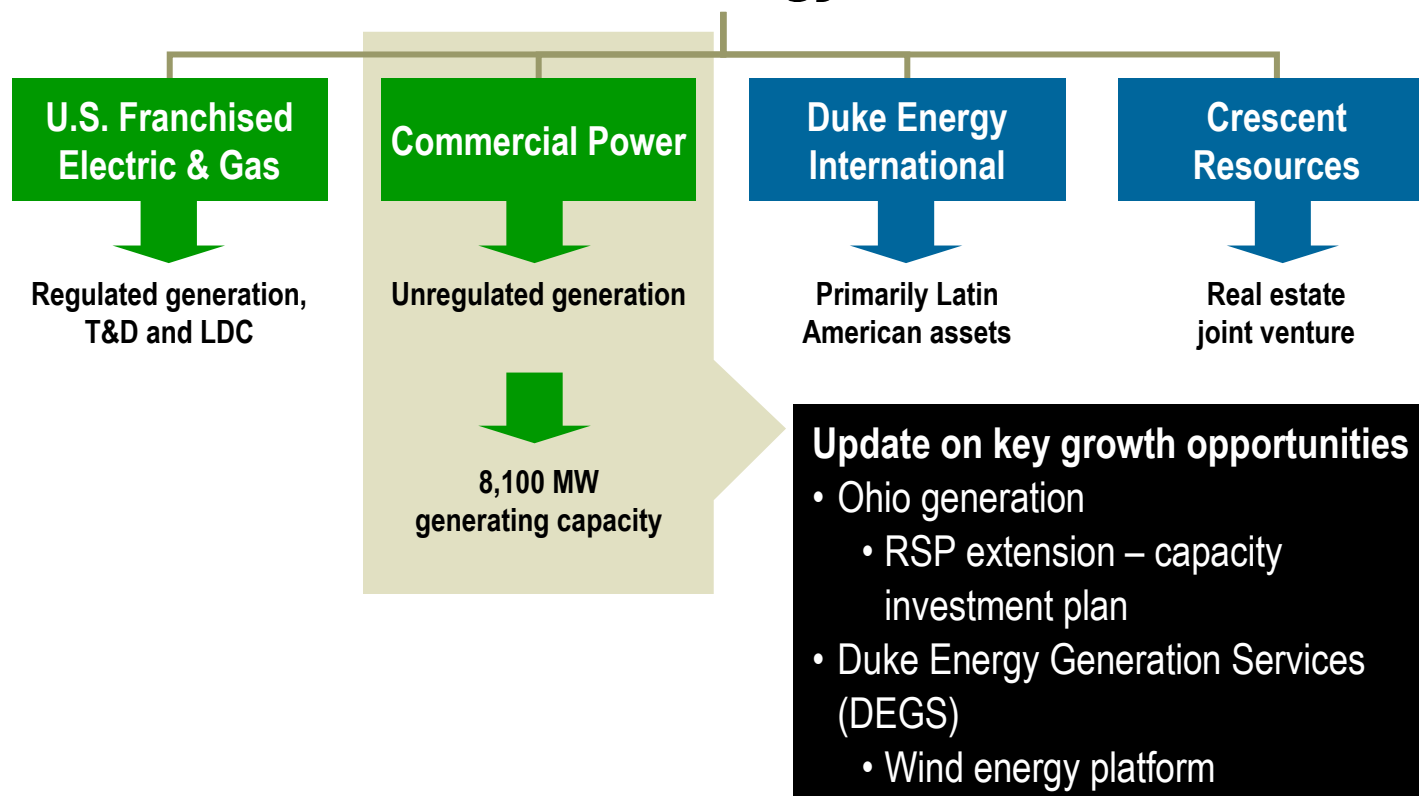
		Net MW	Estimated Completion		Cost Recovery Mechanism
			SCR	FGD	
DE Carolinas	Allen 1-5	1,145	N/A	2009	Real-time recovery of NCCAP through 2007
	Belews Creek 1,2	2,270	In service	2008	
	Cliffside 5	562	In service	2010	
	Marshall 1,2,4	1,440	N/A	In service	
	Marshall 3	670	2008	In service	
DE Indiana	Cayuga 1, 2	1,005	N/A	2009	Semi-annual tracker with return of and on
	Gibson 1-5*	2,845	In service	In svc / 2007	
DE Ohio**	Conesville 4	312	2009	2009	Annual tracker with return of and on
	Killen 2	198	In service	In service	
	Miami Fort 7,8	640	In service	In svc / 2007	
	Stuart 1-4	912	In service	2008	
	Zimmer	605	In service	In service	
DE Kentucky	East Bend	414	In service	In service	Included with rates

* Three units currently in operation, two more will be in operation by the end of 2007

**Ohio generation and associated environmental controls included in Commercial Power segment

- 76% of total coal capacity to be scrubbed
- 74% of total coal capacity to be fitted with NOx and mercury controls
- Emission reductions from 1999 levels upon completion of program
 - SO₂ – 71%
 - NOx – 72%
 - Mercury – 46%
- Complex \$5B retro-fit program
 - On-site construction
 - Maintained strong operations

Commercial Power Update



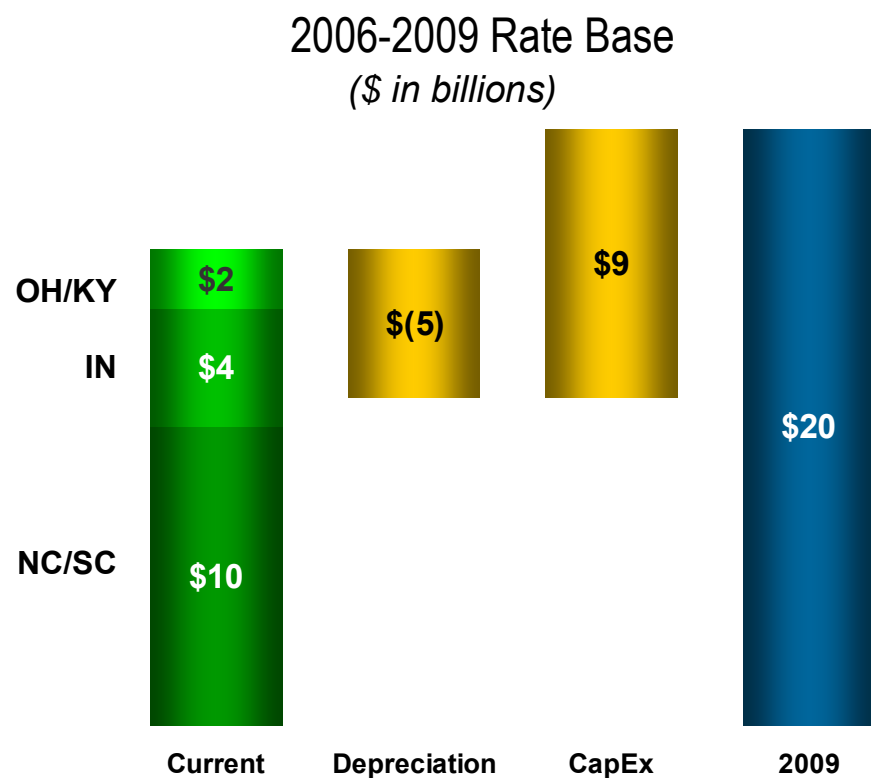
Commercial Power: Ohio RSP

- Pursuing two-track approach
 - Legislative solution
 - Long-term RSP extension settlement
- Assure adequate generation to meet growing demand
 - No new regulated generation added since 1991
 - Immediate need for 1,500 MW
 - Need for additional 900 MW by 2013
- Key principles for legislation and settlement:
 - Maintain market-based generation pricing option
 - Ensure reliable recovery mechanisms for new plants
 - Assist with economic development and job retention
 - Encourage economically viable alternative energy products, energy efficiency and demand response programs
 - Maintain predictable prices for customers

Commercial Power: Wind Energy

- Market Overview: U.S. wind market presents an attractive growth opportunity
 - Projected growth from ~12GW in 2006 to ~50GW by 2015
 - Market still fragmented with many undercapitalized participants
- Duke Wind Strategy
 - Acquire foothold and develop expertise
 - Expand project development and origination capability
 - Focus on projects with favorable and steady cash flows
- Currently assessing late stage development projects
 - Potential for projects to come on line late 2008 / early 2009
 - CapEx would be incremental to current plan

Re-investment Supports Earnings Growth



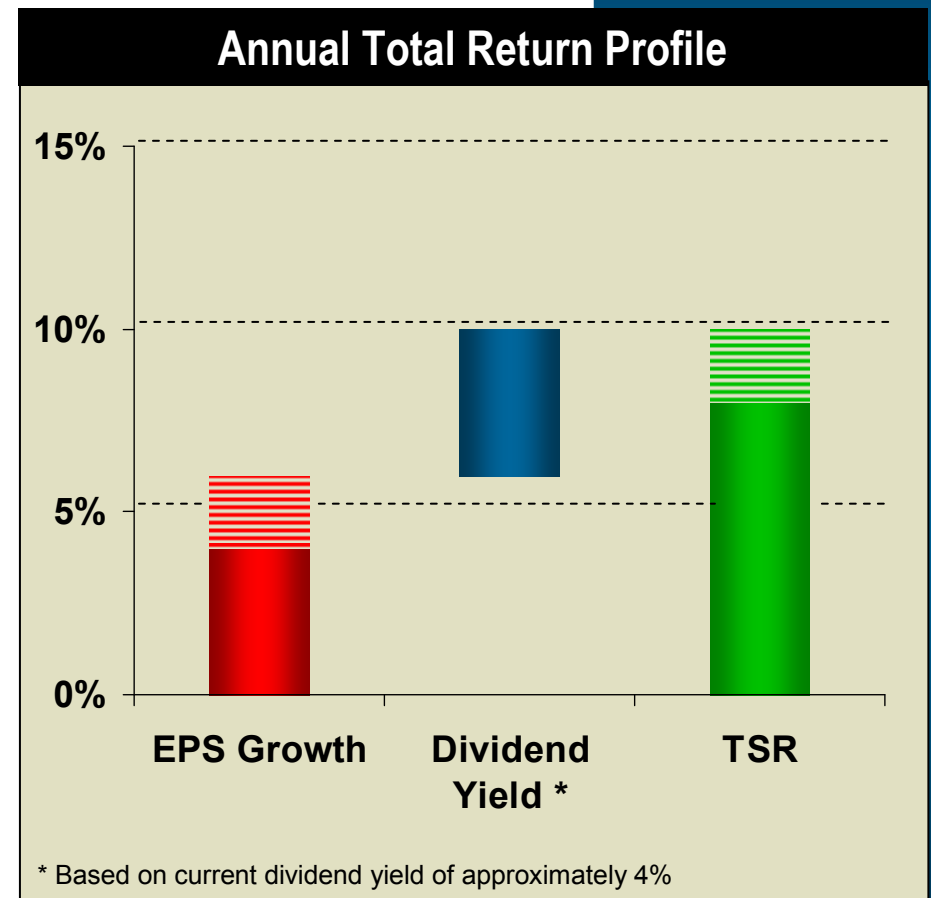
~25% Increase in U.S. Franchised Electric & Gas Rate Base	
Approximate current rate base	\$ 16
Less: depreciation & amortization	(5)
Capital expenditures	9
Estimated 2009 rate base	\$ 20

Current returns on rate base range from 8% to 9%

Note: This is a simplified illustration of the change in rate base.

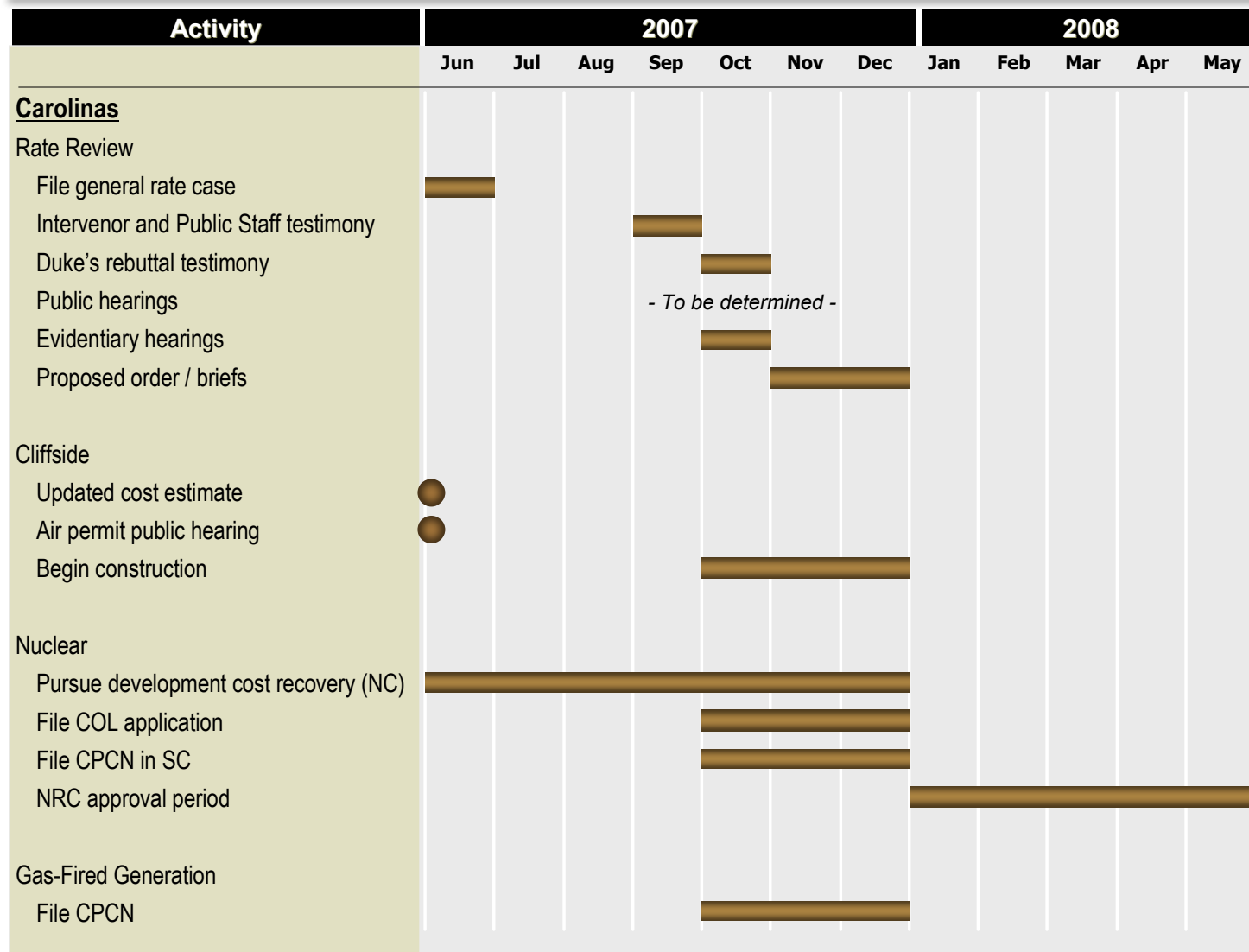
Value Proposition

- S&P raised corporate rating to A- from BBB
- Growth
 - Sales growth
 - Cost reductions
 - Return on capital investments
- Value
 - Proactive regulatory strategy
 - 2007 EPS incentive target of \$1.15 per share, based on ongoing diluted EPS
 - 4-6% ongoing diluted EPS growth through 2009
 - 70-75% dividend payout ratio; expect dividend growth consistent with EPS growth



Appendix

Current Regulatory Calendar



Current Regulatory Calendar (cont.)



Activity	2007							2008				
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
<u>Carolinas cont'd</u>												
Energy Efficiency												
Public hearing			- To be determined -									
Commission order			- To be determined -									
RFP for Renewable Energy												
Proposals due		■										
Selection of shortlist					■							
Submit agreement for reg. approval							■					
Merger-related rate credit ends	■											
NC fuel clause filing			- Filed annually -									
SC fuel clause filing			- Filed annually -									

Current Regulatory Calendar (cont.)

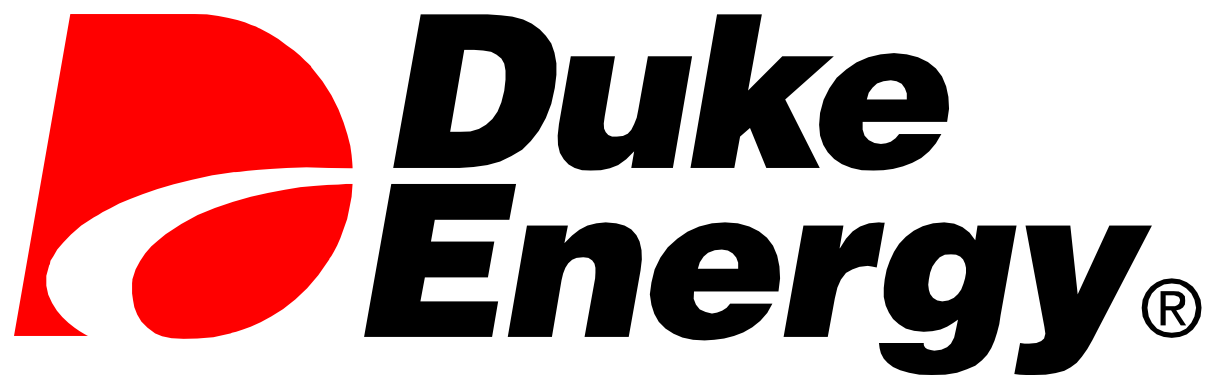


Activity	2007						2008					
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Indiana												
IGCC												
File CPCN	●											
File for interim recovery	●											
Evidentiary hearings	■											
Interim recovery order			■									
Expected CPCN order					■	■	■					
Pursue recovery of financing costs on CWIP and recovery of operating costs	■	■	■	■	■							
Demand side management adjustment												
Summer reliability adjustment												
Pollution control revenue adjustment and clean coal operating cost adjustment filings												
Fuel, emission allowances and MISO costs												

Current Regulatory Calendar (cont.)



Activity	2007						2008					
	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Ohio												
RSP Remand												
Reply brief	●											
PUCO order expected		■										
Gas rate case												
Pre-filing notice	■											
Application and testimony		■										
PUCO staff report						■						
Hearings							■					
Expected order											■	
Transmission cost recovery filing												
Fuel & purchased power and SRT filing												
Gas cost adjustment												
AAC												
AMRP – Gas								■	■	■	■	■
Kentucky												
Fuel clause												
Power / emission allowance sharing												
Merger related rate credit												
AMRP – Gas								■	■	■	■	■
Gas cost adjustment												



Duke Energy Corporation
Non-GAAP Reconciliations
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2007 Employee EPS Incentive Target Measure

The materials for Duke Energy's May 31, 2007 presentation at the Sanford C. Bernstein Annual Strategic Decisions Conference reference the company's 2007 Employee EPS incentive target of \$1.15. The EPS measure used for employee incentive bonuses is based on ongoing diluted EPS. Ongoing diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations, adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast special items for future periods.

Ongoing Diluted EPS Growth Rates through 2009

The materials for Duke Energy's May 31, 2007 presentation at the Sanford C. Bernstein Annual Strategic Decisions Conference reference the company's expected range of growth in ongoing diluted EPS through 2009. These percentages are based on anticipated ongoing diluted EPS amounts for future periods. This ongoing diluted EPS measure is a non-GAAP financial measure as it represents diluted EPS from continuing operations, adjusted for the impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations which includes the impact of special items. Due to the forward-looking nature of ongoing diluted EPS, and related growth rates, for future periods, information to reconcile such non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast any special items for future periods.

Forecasted 2007 Ongoing Segment and Total Segment EBIT

The materials for Duke Energy's May 31, 2007 presentation at the Sanford C. Bernstein Annual Strategic Decisions Conference reference the forecasted 2007 ongoing EBIT for the company's U.S. Franchised Electric and Gas and Commercial Power segments together as a percentage of forecasted 2007 ongoing total segment EBIT. Forecasted 2007 ongoing segment and total segment EBIT amounts are non-GAAP financial measures, as they reflect segment and total segment EBIT, adjusted for the impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for forecasted ongoing segment EBIT is reported segment EBIT from continuing operations, which includes the impact of special items. The most directly comparable GAAP measure for ongoing total segment EBIT is reported total segment EBIT, which includes the impact of special items. Due to the forward-looking nature of these non-GAAP financial measures for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as management is unable to forecast any special items for any future periods.