



Creating Two Leading Energy Companies

June 29, 2006



Paul Anderson

Chairman of the Board

Jim Rogers

President and Chief Executive Officer

Fred Fowler

Group Executive and President, Duke Energy Gas

David Hauser

Group Executive and Chief Financial Officer

Safe Harbor Statement

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 and Cinergy's Form 10-Ks filed with the SEC and other SEC filings, concerning factors that could cause those results to be different than contemplated in today's discussion.

Reg G Disclosure

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.

Creating Two Companies

The Duke Energy Board of Directors voted unanimously to pursue a plan to separate the natural gas and electric power businesses into two publicly traded companies.

- Targeting the separation to be effective Jan. 1, 2007
- Still need to work through details



Creating Two Leading Energy Companies



Paul Anderson

Chairman of the Board

Background & Rationale

Background

- Deregulation of energy markets did not happen
 - ◆ Anticipated electric/gas synergies failed to materialize
 - ◆ Combined businesses prohibited from some interactions that could have brought real value to stakeholders

Rationale

- Spin will create value from Day One
- Businesses free to pursue market opportunities in their own industries over the long term
 - ◆ Over time, each should trade at a higher multiple than their peers
- Most potential merger partners are pure-plays

Pros & Cons

Pros

- ◆ Pure-play businesses will increase management's focus and create greater transparency
- ◆ Business complexity will be reduced
- ◆ With privatization of Kinder-Morgan, we expect “scarcity value” in pure-play gas assets

Cons

- ◆ Flexibility is reduced with lower market cap and less diversification

Snapshot of the Companies

	Duke Energy	“GasCo”
Name	Duke Energy	To be determined
Traded	NYSE: DUK	To be determined
Headquarters	Charlotte	Houston
Businesses	<ul style="list-style-type: none"> • US Franchised Electric & Gas (Charlotte) • Commercial Power (Cincinnati) • International (Houston) • Crescent (Charlotte) 	<ul style="list-style-type: none"> • Gas Transmission (Houston) • Union Gas (Chatham, ON) • Field Services (Denver)
Leaders	<ul style="list-style-type: none"> • Jim Rogers – Chairman, Pres & CEO • David Hauser – CFO <p><i>Organization to be reviewed</i></p>	<ul style="list-style-type: none"> • Paul Anderson – Chairman • Fred Fowler – Pres & CEO • Greg Ebel – CFO • Alan Harris – CDO • Bill Garner – General Counsel • Martha Wyrsh – Pres & CEO, DEGT • Bill Easter – Pres & CEO, DEFS



Creating Two Leading Energy Companies – Financial Overview



David Hauser

Group Executive and Chief Financial Officer

Financial Overview

Two strong companies

- Both expected to maintain solid, investment-grade balance sheets
- Will spin a newly formed entity holding Duke Capital, excluding DEI and Crescent
- Expect Duke Capital debt of approximately \$3 billion at December 31 to go with “GasCo”

Expected Credit Metrics

Maintain solid, investment-grade credit metrics

	Duke Energy	“GasCo”
S&P Credit Risk Profile	assumed business risk profile of 5	assumed business risk profile of 4
Debt-to-Total Capitalization Ratio	upper 30% range	60% range
FFO Interest Coverage	~5.5 – 6.5 times	~3 – 4 times

Dividend & Cash Update

- **Board approved quarterly dividend increase of one cent per share**
 - ◆ Effective with distribution made September 2006
 - ◆ Annual dividend becomes \$1.28
- **Dividend will be maintained in total after the separation**
 - ◆ Duke Energy's assumed payout ratio 70-75%
 - ◆ GasCo's assumed payout ratio ~60%
 - ◆ Dividend policies going forward to be established by respective Boards
- **Share repurchase program suspended June 23, 2006**
 - ◆ Repurchased approximately 17.5 million shares at an average price of \$28.57 for a total spend this year of about \$500 million
- **Expect each company to have negative free cash flow for 2007- 09**
 - ◆ Significant number of investment opportunities

Growth Projections

“GasCo”

- Expects long term ongoing earnings per share CAGR of 5-7%
 - ◆ DEGT expects CAGR of ongoing EBIT of 7-9% over the long-term
 - ◆ Increased growth rate primarily resulting from changing dynamics in the industry that are creating unusual number of expansion opportunities
 - ◆ Anticipated average CapEx of ~\$1.5 billion annually, with over \$1 billion spent on expansion

Duke Energy

- Expects ongoing earnings per share CAGR of 4-6%
 - ◆ Pre-merger, Duke Energy Carolinas expected to grow ongoing EBIT 0-2%
 - ◆ New growth rate for Franchised Electric and Gas includes the addition of the Cinergy portfolio and merger synergies
 - ◆ Anticipated average CapEx of \$2.5 – 3.5 billion annually



Creating Two Leading Energy Companies – the Gas Side



Fred Fowler

Group Executive and President, Duke Energy Gas

“GasCo” – Businesses

Lines of Business

Leading full midstream natural gas business in North America, moving gas from producer to end-user

Duke Energy Gas Transmission

- Pipelines: 18,500 miles
- Storage: more than 250 Bcf
- Distribution: 1.3 million retail customers
- Western Canadian Gathering & Processing: Processing capacity 5.3 Bcf/day

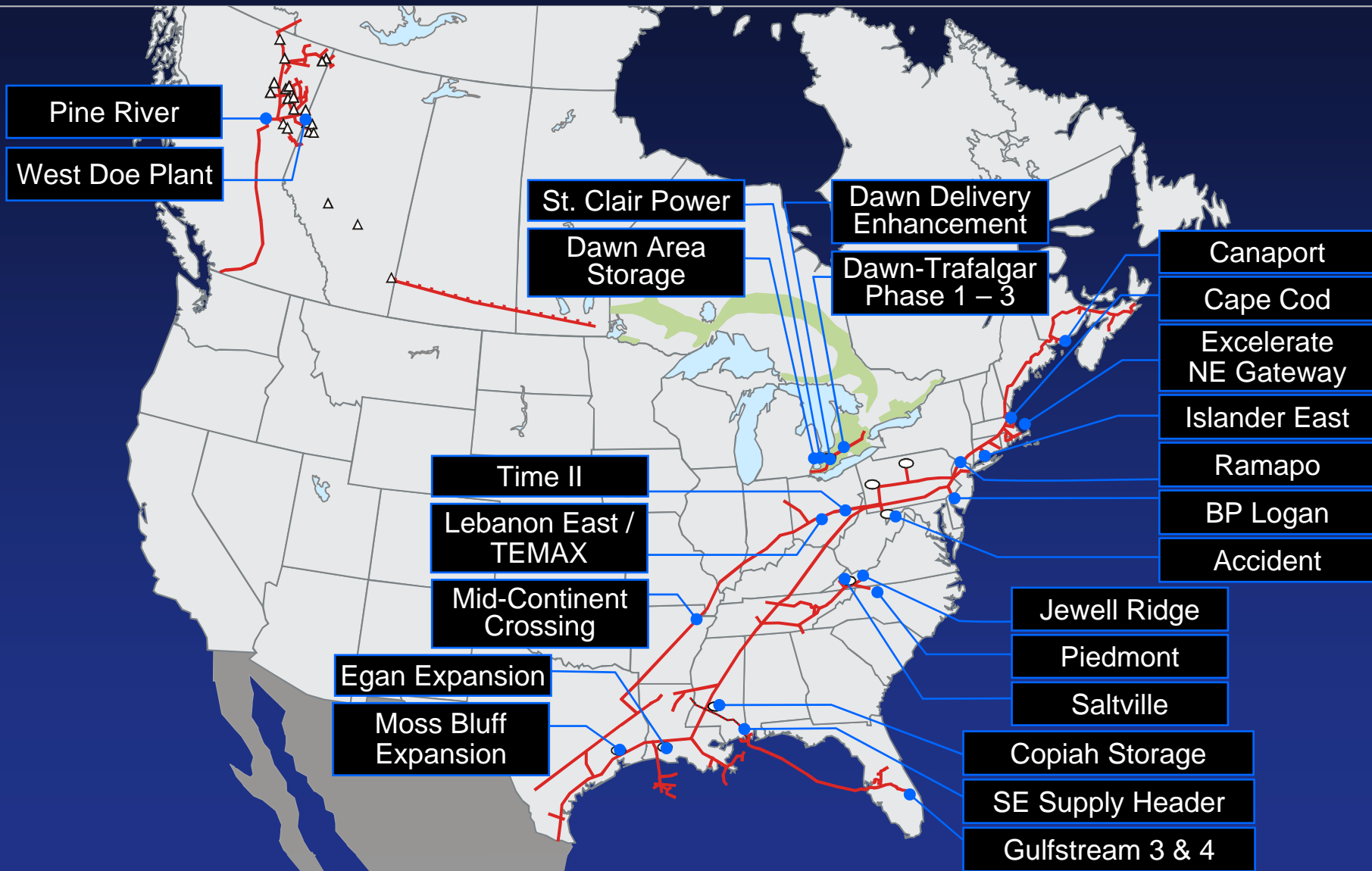
Duke Energy Field Services

- Joint venture with ConocoPhillips
- Gathering & processing in lower 48 states

Value Drivers

- Strategically placed assets in fastest growing markets with many growth opportunities
- Increased transparency into “GasCo” operations
- Use of financing strategies & capital structures
- Increased management focus with better alignment of incentives

“GasCo” – Active Projects



“GasCo” – Businesses

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“GasCo” – Challenges to Execution

Risk	Mitigation
Adverse regulatory decisions	Rate settlements & initiatives
Competition for projects	Financial structuring & partnering
Canadian exchange rate	Natural hedge & asset optimization
Commodity pricing	Contract restructuring & asset optimization

“GasCo” – Value Proposition

What we plan to do

- ◆ Be a premier pure-play North American gas company
- ◆ Grow ongoing EPS by an annual average of 5-7%, while maintaining a solid balance sheet and delivering strong operating cash flows
- ◆ Expect dividend growth consistent with 60% payout ratio

How we plan to get there

- ◆ Continue diligent approach to cost management
- ◆ Continue emphasis on customer and other external stakeholder relationships
- ◆ Expand our portfolio by pursuing new projects and acquisitions
- ◆ Use financial structures to improve returns and generate cash for additional investment



Creating Two Leading Energy Companies – the Power Side

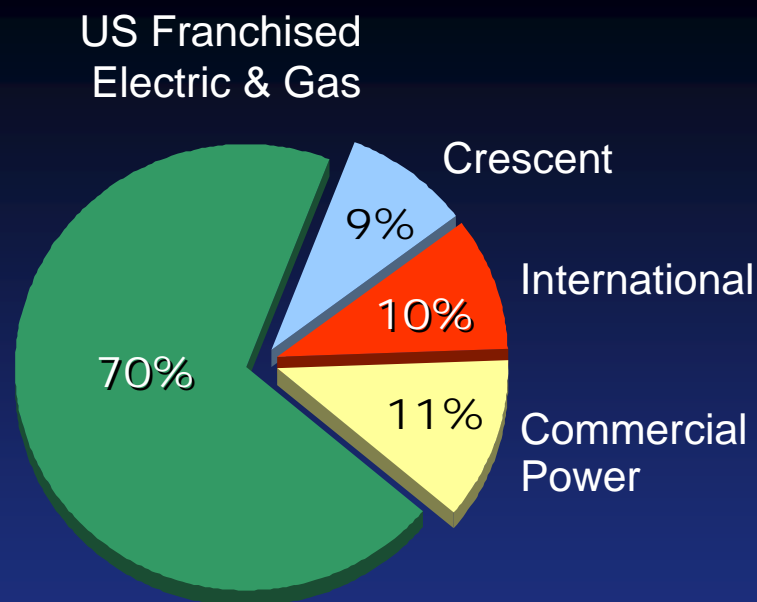


Jim Rogers

President and Chief Executive Officer

Duke Energy – Businesses

Lines of Business*



91% Infrastructure

* Based on 2006 Ongoing EBIT estimates. Excludes Other.

Value Drivers

- Solid organic growth
- Significant infrastructure reinvestment plans
- Operational cost leadership fueled by merger savings
- Constructive regulatory environments
- Diverse, multi-regional customer base
- Competitive rates
- Fuel diversity & flexibility
- Environmental leadership

Duke Energy – Challenges to Execution

Risk

Mitigation

Adverse regulatory decisions

Multi-party settlements & legislative initiatives

Timely return of future capital investment

Pre-approval of projects & assurance of timely capital recovery

Environmental regulations

Industry policy leadership shaping future rules

Economic downturn

Diverse customer base in 5 states

Duke Energy – Value Proposition

What we plan to do

- ◆ Be an industry leader by providing competitive rates, superior reliability, and top-quartile customer satisfaction
- ◆ Grow ongoing EPS by an annual average of 4–6%, while maintaining a solid balance sheet and delivering strong operating cash flows
- ◆ Expect dividend growth consistent with 70-75% payout ratio

How we plan to get there

- ◆ Continuing improvement in operational performance
- ◆ Develop & implement innovative regulatory / legislative solutions
- ◆ Prudent investment in generation, T&D and customer systems to meet growing needs with timely recovery of costs
- ◆ Develop sustainable energy solutions, including energy efficiency, as part of a balanced portfolio
- ◆ Participate in industry consolidation

Anticipated Timeline

Aug. 3, 2006	2Q06 Earnings release
3 rd Quarter 2006	File Form 10 for “GasCo” with SEC
Nov. 3, 2006	3Q06 Earnings release
Dec. 2006	Road shows
Jan. 1, 2007	Targeted effective separation date



Non-GAAP Reconciliation for SEC Regulation G Duke Energy Analyst Presentation, June 29, 2006

FFO Interest Coverage Ratios

The slides and prepared remarks for Duke Energy's June 29, 2006, Analyst Presentation include a discussion of expected Funds From Operations (FFO) interest coverage ratios for 2007 - 2010 for "Future Duke Energy" and for "GasCo." These ratios reflect non-GAAP financial measures. The numerator of the FFO interest coverage ratio is calculated principally by using forecasted net cash provided by operating activities on a GAAP basis, adjusted for forecasted changes in working capital, plus all forecasted cash interest paid. The denominator is principally GAAP interest expense increased by capitalized interest (including any AFUDC interest). Cash from operations, cash interest paid and interest expense are also adjusted for entities considered off-credit.

Free Cash Flow

The slides and prepared remarks for Duke Energy's June 29, 2006, Analyst Presentation include a discussion of expected "free cash flow" for 2007 - 2009 for each of "Future Duke Energy" and for "GasCo." Free cash flow represents the combination of (i) operating cash flows, (ii) capital expenditures and (iii) dividends as presented in the GAAP statement of cash flows.

2006 Relative Ongoing Segment EBIT Percentages

The slides and prepared remarks for Duke Energy's June 29, 2006, Analyst Presentation include presentation of forecasted relative ongoing EBIT percentages for "Future Duke Energy" operations (US Franchised Electric and Gas, Crescent, International and Commercial Power), including the total for "Future Duke Energy's" energy infrastructure operations (US Franchised Electric and Gas, International and Commercial Power). These forecasted percentages reflect non-GAAP financial measures, as they are calculated using forecasted reported segment amounts exclusive of any special items, which 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 amounts is segment EBIT, representing segment EBIT from continuing operations, including any special items. Due to the forward-looking nature of the forecasted ongoing segment EBIT amounts, 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 project special items for 2006.

Anticipated Ongoing Earnings per Share Growth Percentages

The slides and prepared remarks for Duke Energy's June 29, 2006, Analyst Presentation include a discussion of anticipated growth in ongoing earnings per share ("EPS") for "Future Duke Energy" and for "GasCo." These ongoing growth percentages are based on anticipated ongoing diluted EPS for future periods and are non-GAAP financial measures, as they represent diluted EPS from continuing operations plus, for "Future Duke Energy," the per-share effects of any discontinued operations from its Crescent Resources real estate unit, 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 for future periods, information to reconcile this 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.

Long-term Ongoing Segment EBIT Growth Percentages

The slides and prepared remarks for Duke Energy's June 29, 2006, Analyst Presentation include a discussion of forecasted ongoing segment EBIT growth percentages for Duke Energy Gas Transmission for future years and reference to pre-merger expected ongoing segment EBIT growth percentages for Duke Energy Carolinas. Long-term ongoing segment EBIT growth rates are non-GAAP financial measures, as they reflect 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 the forecasted ongoing EBIT amounts is segment EBIT, representing EBIT from continuing operations, including any special items. Due to the forward-looking nature of forecasted EBIT for future periods, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project any special items for any future periods.