



Exiting the DENA Business

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Under the Private Securities Litigation Act of 1995

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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 website at: www.duke-energy.com/investors/financial/gaap/

Exiting the DENA Business

Excluding Midwest Assets



- Significant progress made in last two years
 - Reduced trading book
 - Reduced generation portfolio
 - Reduced mark-to-market exposure
- Rationale
 - Encumbered by size and complexity of long-dated legacy positions
 - No clear path to breakeven EBIT by end of 2006 without increasing risk profile
 - More effective to adopt Cinergy's commercial platform
- Intend to fully exit within 12 months

Financial Highlights and Benefits

	Total Day 1 Impact
Pre-tax charge	(\$1.3 billion)
Net Income	(\$0.8 billion)
EPS Impact	(\$0.88 per basic share)

- Benefits include:
 - Accelerated costs savings of approximately \$160 million at DENA
 - Improvements in
 - Ongoing earnings from continuing operations
 - Duke Capital's credit risk profile
 - Long-term liquidity as collateral is eliminated
 - Net cash positive
- Revising EPS incentive target from \$1.60 to \$1.65 per basic share

Financial Impacts of Exit Decision

(\$ in billions)	Day 1	Next 12 Months
Assets	\$ (0.4)	\$ 0.0
Contract Portfolio		
Power Derivatives	(2.3)	0.0
Gas Derivatives	1.4	0.3
Pre-tax Charge	(1.3)	0.3
Taxes	0.5	(0.1)
NET INCOME	\$ (0.8)	\$0.2
Transaction and Termination Costs and Non-Derivative Contracts		TBD
Pre-tax Sensitivity to \$1 Move in Spark Spreads		\$60 million

Note: We will record operating results and mark-to market movements in the contract portfolio until the time of final disposition.

Note: Impact to equity is \$1.6 billion as hedges are already included in equity.

Other Considerations

- Included in Discontinued Operations
 - Accrual book moves to mark-to-market
 - Management/G&A to manage the book and plants
 - Changes in the value received for physical assets
- Excluded from Discontinued Operations are the Midwest plants, the McMahon plant in Canada, and certain contracts and corporate allocations intended to be reported in Other
- Full recognition of cash tax benefit or liability once all sales occur

Liquidity and Credit Metrics

- Complete disposition of DENA
 - Significantly strengthens Duke Capital's credit profile
 - Reduces collateral requirements
 - Improves liquidity position
- Projected cash proceeds from assets sales expected to exceed cash needed to terminate DENA's trading book, including tax impacts
 - Net cash positive expected to be more than \$500 million, after tax

Summary

- Decision to exit DENA business allows “fresh start”
 - Combine DENA’s Midwest assets with CG&E commercial platform
 - Trading and marketing operation will move to shorter terms in trading contracts – terms generally less than one year
- Focused on long-term vision of Duke Energy and enhancing shareholder value

