

September 25, 2007



Framing the Future

Merrill Lynch 2007 Power & Gas
Leaders Conference

Jim Rogers

Chairman, President and Chief Executive 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 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.

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.

Ongoing Earnings and Dividend Growth

- 5–7% ongoing diluted EPS growth through 2012 from 2007 base*
- Earnings growth from:
 - Capital re-investment
 - Execution of regulatory initiatives
 - Growth in our non-regulated businesses
 - Continued focus on cost control
 - Customer sales growth
- Annual dividend growth
- No anticipated equity offerings through 2012 excluding internal plans e.g., Dividend Reinvestment Plan (DRIP)

** Based on 2007 employee incentive target of \$1.15 ongoing diluted earnings per share*

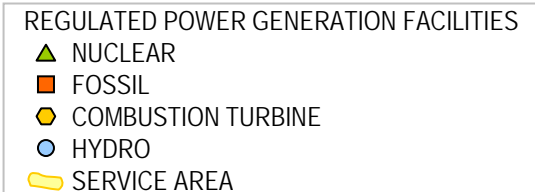
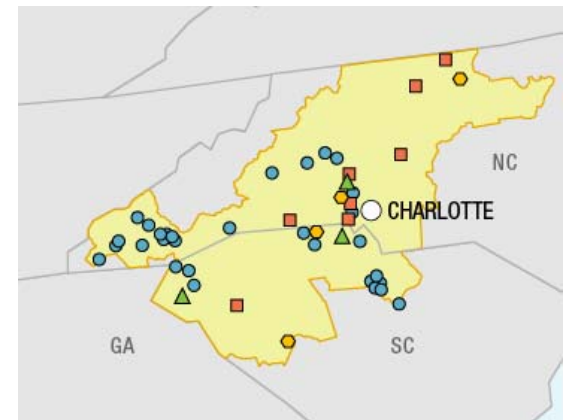
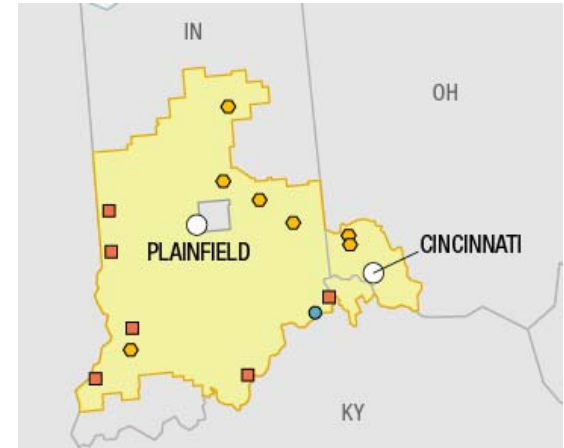
Overview of U.S. Franchised Electric & Gas

- Infrastructure

- ~28,000 net megawatts of owned generation, including
 - Over 5,000 megawatts of nuclear
 - Over 14,000 megawatts of coal
 - Nearly 6,000 megawatts of gas/oil
 - Nearly 3,000 megawatts of hydro
- ~20,000 miles of electric transmission lines
- ~147,000 miles of electric distribution lines

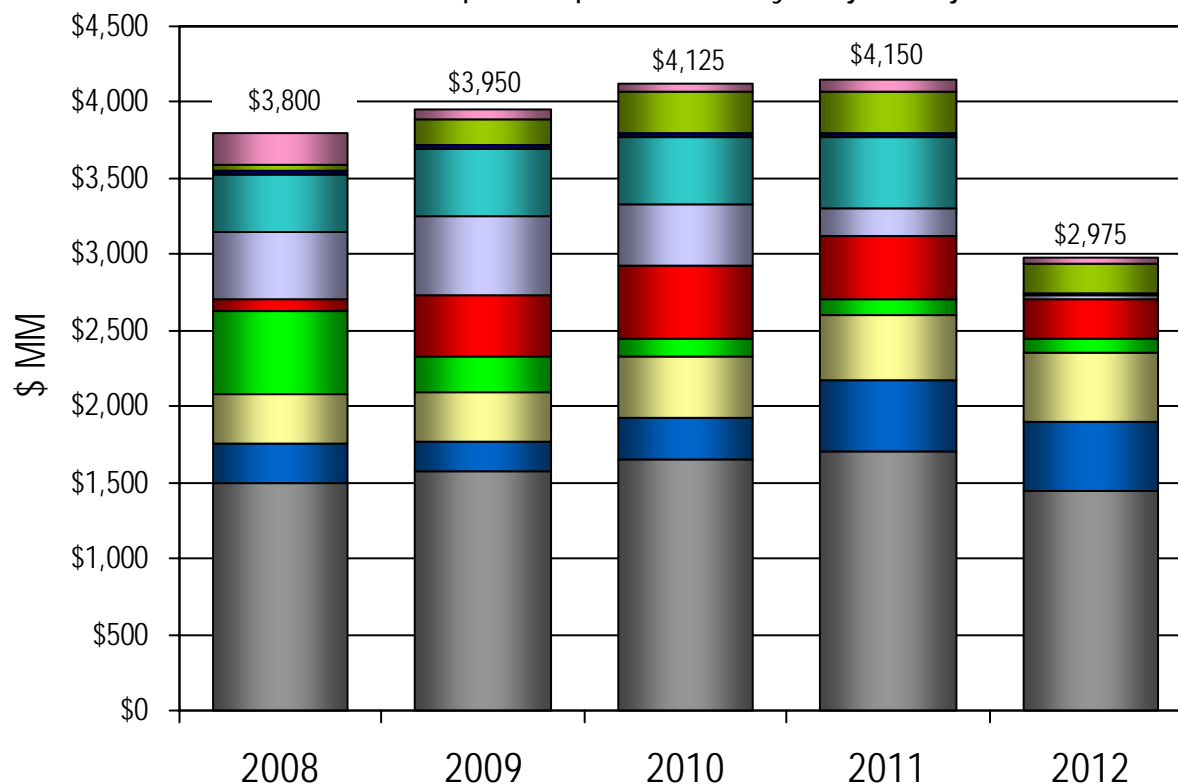
- Customers and load

- 3.9 million retail electric customers and 500,000 gas distribution customers
 - Adding 65,000 new customers per year
 - Load growth of ~1.5% in Carolinas; ~1.0% in Midwest
- Opportunistic wholesale sales of electricity
 - Longer term contracts primarily with municipal utilities and rural cooperatives
 - Shorter term sales into the wholesale market



Planning for the Future – U.S. FE&G CapEx

U.S. FE&G Capital Expenditures By Major Project

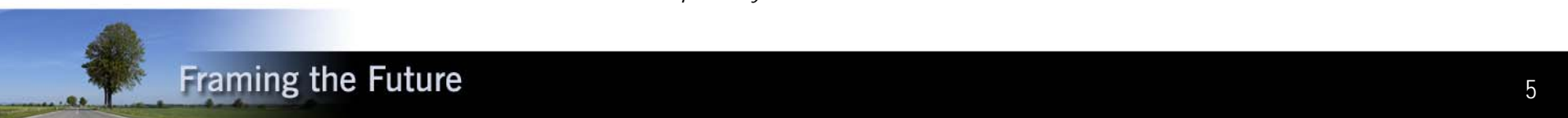


- Maintenance
- Nuclear Fuel
- Customer Adds
- Environmental
- CC's and CT's
- Cliffside
- Edwardsport
- Lee Nuclear
- Utility of the Future
- Other

CapEx (\$ MM)	Total 08-12	% of Total
Other*	425	2%
Utility of the Future	975	5%
Lee Nuclear	100	1%
Edwardsport	1,750	9%
Cliffside	1,575	8%
CC's and CT's	1,625	9%
Environmental	1,100	6%
Customer Adds	1,925	10%
Maintenance	7,875	41%
Nuclear Fuel	1,650	9%
Total	\$19,000	100%

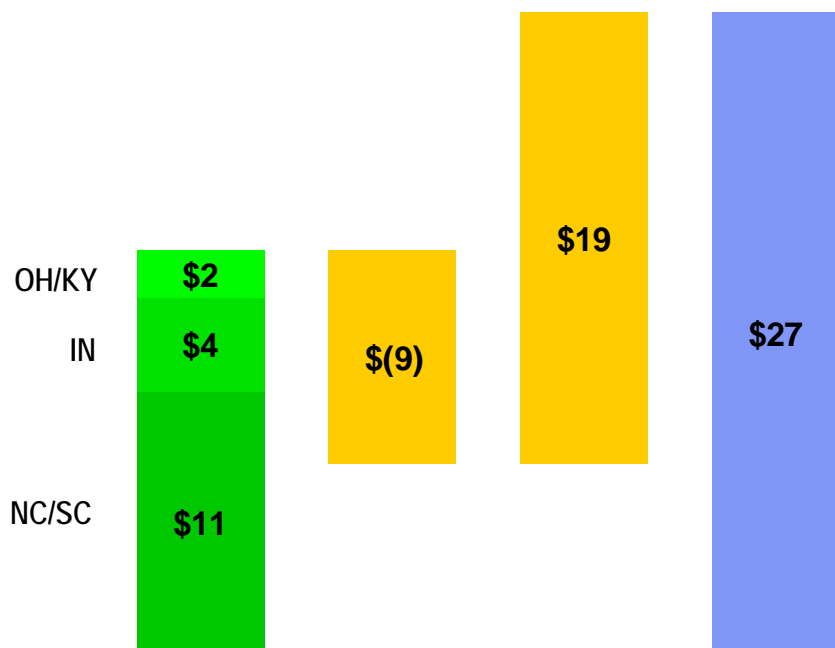
26%
6%
51%

* Other consists primarily of AFDC debt and additional Catawba interest



Re-investment Supports Earnings Growth

2008–2012 Rate Base














~60% Increase in
U.S. Franchised Electric & Gas
Rate Base

Approximate current rate base	\$ 17
Less: Depreciation & amortization	(9)
Capital expenditures	19
Estimated 2012 rate base	\$ 27

**Current returns on rate base
range 8–9%**

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

Summary of Rate Actions by State

	2008	2009	2010	2011	2012
North Carolina					
South Carolina					
Indiana					
Kentucky		 Gas			 Electric
Ohio	 Gas	 Electric		 Electric	

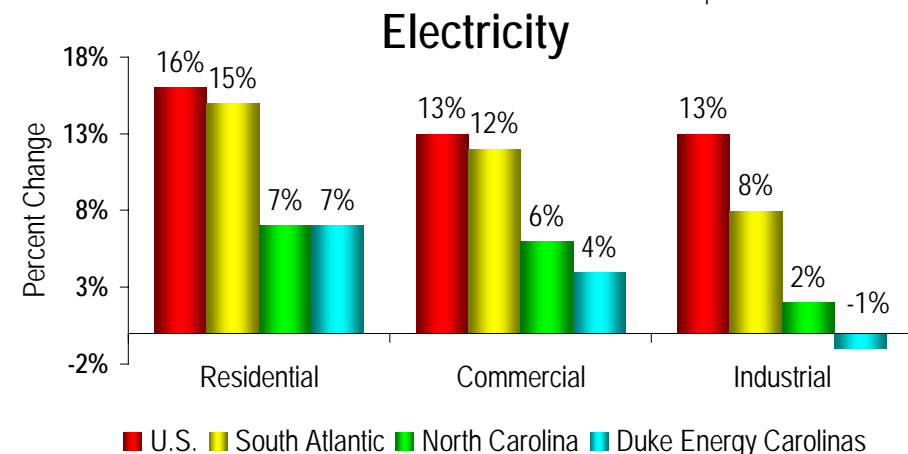
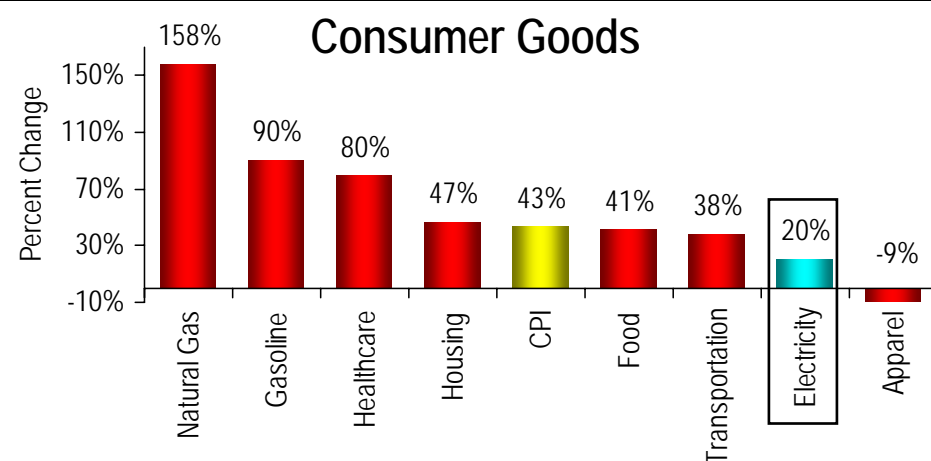
- The frequency of rate cases over the next five years will be substantially higher than in prior years to align with our capital intensive business strategy
- Taking measures to minimize rate shock and maintain price competitiveness

 Check marks denote timing of projected revenue changes resulting from rate actions

North Carolina Rate Review Update

- Required by NCUC as part of merger approval
- First general rate review in N.C. in 16 years
- Current prices approximately 20% below the national average and the lowest in N.C.
- Filed for a \$140 million dollar rate increase
 - 12.5% ROE / 53% equity ratio
- Proposed to include Clean Air expenditures in excess of \$1.5 billion in rate base
- Requested rate increase addresses rate parity
 - Residential: 6.8%
 - General service and industrial: 2.0% or less
- Proposed to maintain the BPM sharing mechanism
 - 50/50 provides reasonable incentives
- Intervener filing due 9/24/07
- Commission's order expected late 2007, effective 1/1/2008

1991–2005 Cost Increase / (Decrease) – Nominal Dollars



Sources: U.S. Department of Labor, Bureau of Labor Statistics, U.S. Department of Energy, Energy Information Administration (EIA) and Edison Electric Institute

Ohio Regulatory and Legislative Update

- Continue to pursue two-track approach
 - Legislative solution – Proposal from Governor Strickland announced Aug. 29
 - Regulatory solution – Long-term RSP extension settlement
- Key principles for legislative and regulatory solutions
 - 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 and predictability for company
 - Provide PUCO with clear and appropriate authority
- Assure adequate generation to meet growing demand
 - Issued RFP for 1,800 MW
 - Immediate need for 1,500 MW
 - Need for additional 900 MW by 2013

Other Initiatives

- Energy Efficiency
 - The “Fifth Fuel” – should be treated on par with other supply-side energy options
 - Duke Energy is well positioned to provide universal access to energy efficiency services
 - Duke Energy would be compensated similarly for meeting customer demand, whether through saving a watt or producing a watt
 - Customer rates will include 90% of avoided costs
 - Provides financial incentive to treat energy efficiency as a line business and produce save a watts
 - Producing capacity and energy to meet our customers’ energy requirements with zero emissions
- “Utility of the Future”
 - “Smart Grid” technology deployments planned for all of our jurisdictions
 - Seeking assurances of appropriate regulatory treatment of program costs
- Carbon Legislation
 - Duke Energy is at the forefront of the policy debate and advocates for carbon policy that will yield reductions in CO₂ emissions without damaging our economy
- Indiana RFP for peaking and intermediate resources
- North Carolina RFP for renewable resources

Commercial Businesses Overview

Business "Snapshot"



Commercial Power
(Midwest Generation & DEGS)

International

Crescent JV

Highlights:

- ~19,000 MW owned/operated
- Asset based business
- Highly contracted
- Opportunities for organic growth and platform expansion

Commercial Businesses: Strategy for Earnings Growth

Focused operations

- Generation availability
- Cost control

Increase returns on invested capital

- Midwest Gas value capture
- Ohio market structure
- Organic growth in Latin America

Develop pipeline of expansion opportunities

- Wholesale generation focus in the Americas
- Alternative generation trend in the U.S.

Optimize existing positions

Explore value, creating growth and new platforms

Opportunities in the Commercial Businesses support ongoing EBIT growth through 2012 of 8%–10%* with steadily improving returns

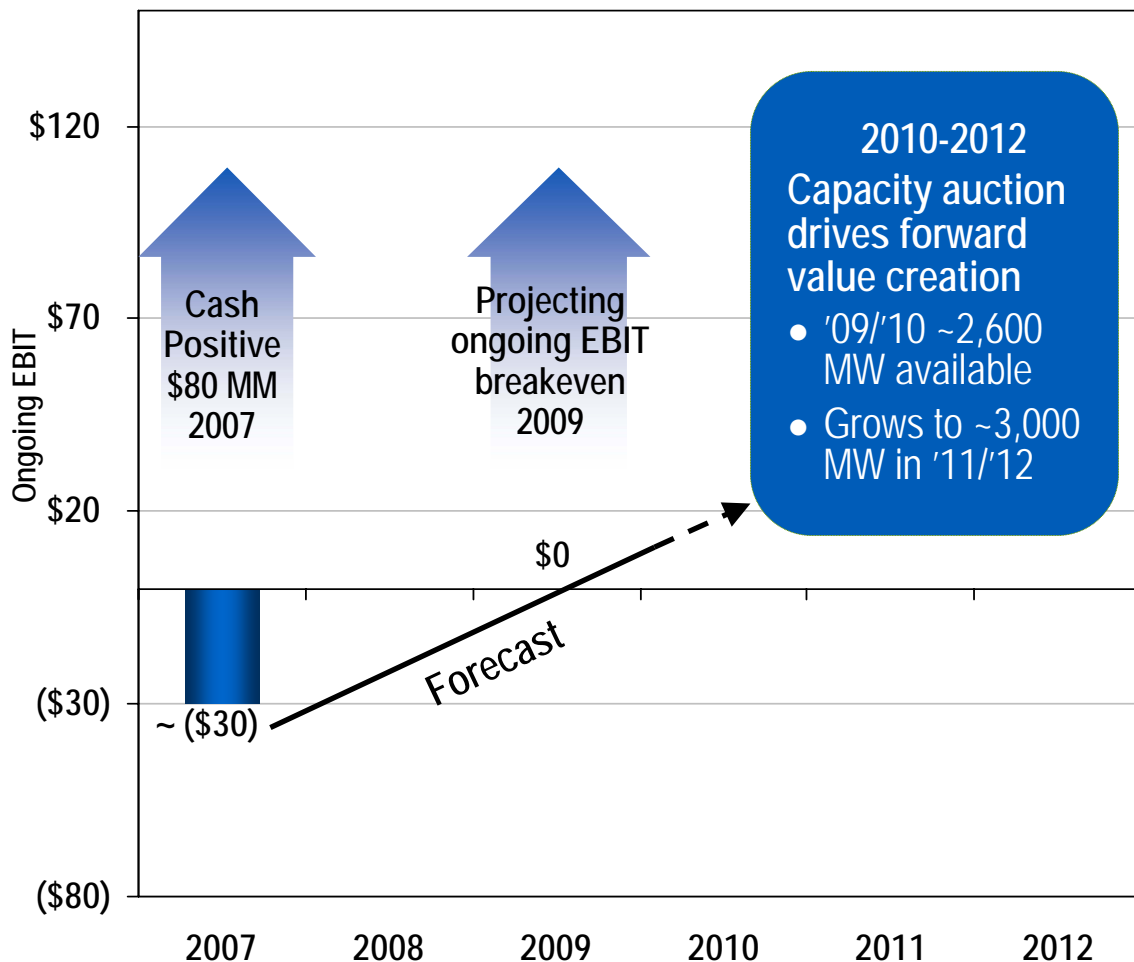
**Assumes 2008 base year*

Commercial Power: Midwest Fleet Attributes

MISO	PJM
<ul style="list-style-type: none"> 56% of fleet, primarily coal 4,513 MW generation 	<ul style="list-style-type: none"> 38% of fleet, primarily gas 3,120 MW generation
Total Fleet ~8,100 MW	
<p>Fuel Diversity</p> <ul style="list-style-type: none"> Illinois Basin Northern Appalachia Central Appalachia 	<p>Sales</p> <ul style="list-style-type: none"> Ohio Retail 90% Optimization 10%
<p>~3,600 MW coal ~75% scrubbed in 2009</p>	<p>~2,480 MW combined cycle</p>
<p>Coal Burn (2009)</p> <ul style="list-style-type: none"> 60% high sulfur 40% low sulfur 95% barge delivered 	<p>Tracking Accounts</p> <ul style="list-style-type: none"> Fuel Environmental Purchased Power
<p>Growing markets, efficient generation, and fuel optionality support increasing value creation</p>	

Midwest Gas Generation: Financial Performance Projection*

\$Millions



*Based on current forward price curves

Non-RSP Gas Assets:

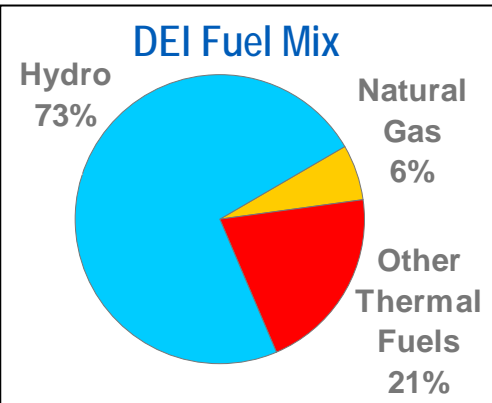
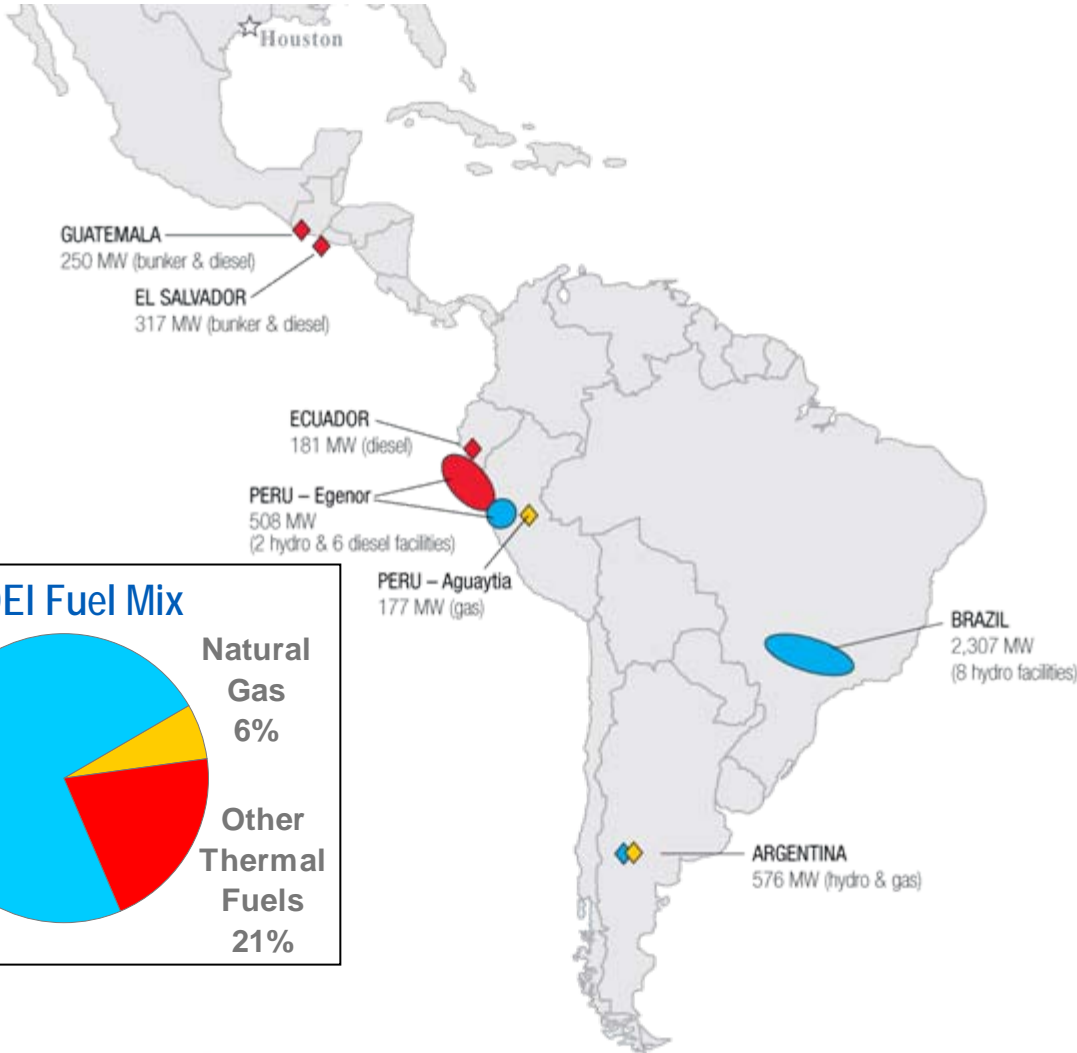
- 4,066 MW (76% in PJM)
 - 2,480 MW combined cycle
 - 1,586 MW peaking

Key Drivers of value creation:

- PJM sales via capacity auction
 - 07/08 400 MW
 - 08/09 1,100 MW
 - Next auctions Oct 07 / Jan 08
- Generation up 1.8x vs. 2006
- Operational Flexibility
- Cost Control

Duke Energy International

Current Platform and Market Environment



Fleet Attributes	
4,300 MW Gross	
3,945 MW Net	

- ### Latin American Market Environment
- Strong macroeconomic trends
 - Lower risk and improved credit ratings
 - Strong power sector fundamentals
 - Rising power prices and need for new capacity



Duke Energy International Latin America Business – Low-risk Platform for Continued Growth

Narrow Focus	Primarily wholesale energy & capacity sales
Low Merchant Risk	High percentage of generating capacity contracted and/or receives system capacity payment. Average tenor ~4.5 years
Low Dispatch Risk	Predominantly hydro base load (73%) and highly efficient thermal plants
Minimal Currency Exposure	Debt matched with applicable functional currency
Solid Earnings & Cash Flow	Significant operating cash flow ~ \$200–\$300 MM/yr

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Framing the Future

Financial Overview

Capital Expenditures

(\$ millions)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Cumulative</u>
US Franchised Electric & Gas						
System growth	\$ 1,500	\$ 1,950	\$ 2,075	\$ 1,875	\$ 975	\$ 8,375
Environmental	550	225	125	100	100	1,100
Nuclear Fuel	250	200	275	475	450	1,650
Maintenance and Other	1,500	1,575	1,650	1,700	1,450	7,875
Total US Franchised Electric & Gas	3,800	3,950	4,125	4,150	2,975	19,000
Commercial Power	600	275	250	150	125	1,400
International	350	250	350	75	25	1,050
Corporate and other	225	225	200	225	225	1,100
Total Capital Expenditures	\$ 4,975	\$ 4,700	\$ 4,925	\$ 4,600	\$ 3,350	\$ 22,550

Capital Expenditures – System Growth U.S. Franchised Electric & Gas

(\$ millions)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Cumulative</u>
US Franchised Electric & Gas						
Power Delivery Customer Connections	325	325	400	425	450	1,925
Edwardsport IGCC	375	450	450	475	-	1,750
CC / CT Additions - Carolinas	75	400	475	425	250	1,625
Cliffside	450	525	400	175	25	1,575
Utility of the Future	50	175	275	275	200	975
Additional Catawba Nuclear Ownership %	150	-	-	-	-	150
Lee Nuclear	20	20	20	20	20	100
Other regulated investments and ADC Debt	55	55	55	80	30	275
Total US Franchised Electric & Gas	\$ 1,500	\$ 1,950	\$ 2,075	\$ 1,875	\$ 975	\$ 8,375

2008 Cash Flows

(\$ millions)

2008
Estimate

Primary Sources:

Net income	\$ 1,550
Depreciation & amortization	1,850
Total Sources	<u>\$ 3,400</u>

Primary Uses:

Capital and investment expenditures	\$ (4,975)
Dividends	(1,125)
Other sources/(uses), net	(350)
Total Uses	<u>\$ (6,450)</u>

Net Cash, Short-term Investments Used, and Debt Financings \$ (3,050)

Note: Illustrative net income based on 7% growth off of 2007 employee incentive target of \$1.15 ongoing diluted earnings per share

Strong Balance Sheet / Financial Flexibility

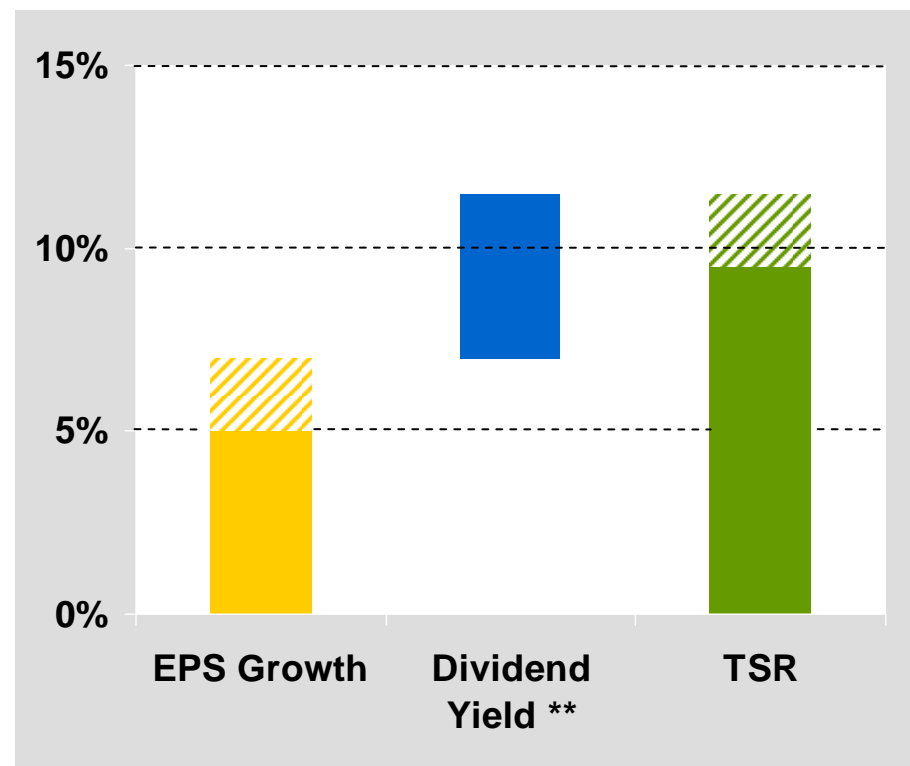
- Expect to maintain solid, investment-grade credit metrics
- Debt/capitalization ratio projected to be in the mid-40% range by 2012
- Allows rate base growth with modest equity issuance – approximately \$200 million per year beginning 2010

S&P Risk Profile = 5	A Range	BBB Range	Duke Energy 2008–2012
FFO Interest Coverage	4.5x – 3.8x	3.8x – 2.8x	~ 5.2x – 4.4x
FFO/Total Debt	30% – 22%	22% – 15%	~ 22% – 20%
Debt/Total Capitalization	42% – 50%	50% – 60%	Mid 40% range

Value Proposition

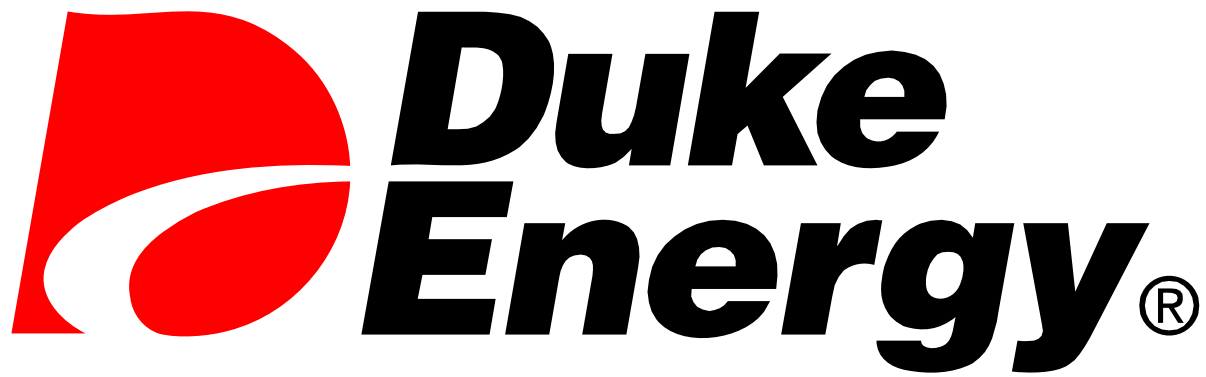
- Proactive regulatory strategy
- 5–7% ongoing diluted EPS growth through 2012 from 2007 base*
- Annual dividend growth
- No anticipated equity offerings through 2012 excluding internal plans e.g., Dividend Reinvestment Plan (DRIP)
- Strong balance sheet provides flexibility

Annual Total Return Profile



* Based on 2007 employee incentive target of \$1.15 ongoing diluted earnings per share

** Based on current dividend yield of approximately 4.5%



Duke Energy Corporation
Non-GAAP Reconciliations for SEC Regulation G
Merrill Lynch 2007 Power & Gas Leaders Conference
September 25, 2007

Anticipated Ongoing Diluted EPS Growth Rates through 2012

The materials for Duke Energy's presentation at the Merrill Lynch 2007 Power & Gas Leaders Conference include a discussion of the expected range of growth in ongoing diluted EPS through 2012 (on a compound annual growth rate ("CAGR") basis) from a 2007 base equal to 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. These growth 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 anticipated 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.

2007 Employee EPS Incentive Target Measure

The materials and remarks for Duke Energy's presentation at the Merrill Lynch 2007 Power & Gas Leaders Conference may include a reference to management's current belief that, given the results for the six months ended June 30, 2007 and with normal weather the rest of the year and a continuing focus on operations and cost management, Duke Energy is in a strong position to exceed 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 Segment EBIT Amounts and Related Growth Rates

The materials for Duke Energy's presentation at the Merrill Lynch 2007 Power & Gas Leaders Conference include a discussion of management's current expectation that the Midwest gas-fired generation assets will have a 2007 ongoing EBIT loss of approximately \$30 million for this component of the Commercial Power segment, and the current expectation that the Midwest gas-fired generation assets will reach their break-even point by 2009, on an ongoing EBIT basis. Also included in the materials is a reference to management's current expectation that the Commercial Power, International Energy, and Crescent segments, on a combined basis, will grow ongoing EBIT by an estimated 8-10% CAGR through 2012, from the base of their combined forecasted 2008 ongoing segment EBIT results. Also referenced is the forecasted ongoing EBIT from the company's sales to regulated customers in the U.S. Franchised Electric and Gas and Commercial Power segments as a percentage of forecasted ongoing total segment EBIT. Forecasted 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 ongoing segment EBIT is reported segment EBIT, which represents EBIT from continuing operations, including any 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.

Also included in the materials is management's current expectation that the Midwest gas-fired generation assets will have cash positive results of approximately \$80 million in 2007. This cash positive results amount is a non-GAAP financial measure as it represents management's current expectation of 2007 ongoing EBIT losses of approximately \$30 million for this component of the Commercial Power segment, adjusted to exclude approximately \$110 million of forecasted 2007 depreciation and amortization of previously deferred net mark-to-market losses on derivative instruments. Ongoing segment EBIT is also a non-GAAP financial measure as it represents reported segment EBIT adjusted for 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 cash positive results is reported segment EBIT, which represents EBIT from continuing operations, including any special items and including depreciation and amortization of previously deferred net mark-to-market losses on derivative instruments. Due to the forward-looking nature of this non-GAAP financial measure for any future periods, 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.

Funds From Operations ("FFO") Ratios

The materials for Duke Energy's presentation at the Merrill Lynch 2007 Power & Gas Leaders Conference include a discussion of expected FFO interest coverage and FFO to Total Debt ratios. 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.

Duke Energy Corporation Consolidated
Merrill Lynch 2007 Power & Gas Leaders Conference
September 25, 2007
Cash Flow Reconciliation Required by SEC Regulation G
(\$ in Millions)

	Forecast 2008
Primary Sources:	
Net income (1)	a \$ 1,550
Depreciation & amortization	a \$ 1,850
Total Sources	<u>3,400</u>
Primary Uses:	
Capital and Investment Expenditures	b \$ (4,975)
Dividends	c \$ (1,125)
Other Sources/(Uses), net	a \$ (350)
Total Uses	<u>(6,450)</u>
Net Cash and Short-term Investments Used After Debt Issuances	<u>\$ (3,050)</u>
(representing a net decrease in cash and cash equivalents and short-term investments after forecasted net issuances of long-term debt and commercial paper of approximately \$2,000 million)	

Reconciliations to amounts per U.S. GAAP reporting:	Forecast 2008
Operating cash flow components from above [summation of (a)]	\$ 3,050
Reconciling items to GAAP operating cash flow (2)	(50)
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 3,000</u>
Investing cash flow components from above [item (b)]	\$ (4,975)
Reconciling items to GAAP investing cash flow (3)	875
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (4,100)</u>
Financing cash flow components from above [item (c)]	\$ (1,125)
Reconciling items to GAAP financing cash flow (4)	2,000
Net cash provided by financing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 875</u>

Notes:

- (1) Forecasted net income of \$1,550 million for 2008 is based on a 7% growth off of Duke Energy's 2007 employee incentive earnings target of \$1.15 per share. The 2007 measure used for employee incentive bonuses is based on ongoing diluted earnings per share (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 all special items for future periods.
- (2) Amount consists primarily of an adjustment for investing cash flow items included in the "Other Sources/(Uses), net" (principally the release of restricted funds held on deposit).
- (3) Amount consists primarily of net proceeds from the purchase and sale of available-for-sale securities and an adjustment for investing cash flow items included in the "Other Sources/(Uses), net" (principally the release of restricted funds held on deposit)
- (4) Amount consists of net other financing activities including debt issues, debt retirements and changes in amounts of commercial paper outstanding.