

ANNUAL MEETING OF SHAREHOLDERS

OF

DUKE ENERGY CORPORATION

OCTOBER 24, 2006

10:00 a.m.

1. WELCOME AND SAFETY BRIEFING

JULIE DILL:

Good morning, ladies and gentlemen. My name is Julie Dill, and I am Group Executive, Investor Relations and Chief Communications Officer for Duke Energy Corporation. I'd like to welcome all of you to our 2006 Annual Meeting of Shareholders.

We are also webcasting this meeting, and I welcome also those of you joining us online.

First, because we care about your safety, let me tell you what you should do in the unlikely event of an emergency.

The primary exits from this auditorium are the doors behind the stage on your right. Please exit through those doors, proceed to the right, down Stonewall Street, and we will gather in the grassy area across Mint Street by the parking deck. Those of you who

may be out in the Atrium area can exit out the front door, turn right as you go out of the building, then turn right again onto Stonewall. Walk down Stonewall, cross Mint Street and gather next to the parking deck. If anyone needs assistance in evacuating the auditorium or the Atrium, security and safety personnel will be available to assist you. If we do have to evacuate, please do not re-enter the building unless and until Security notifies you to do so.

As you entered the Auditorium, you should have received a copy of the meeting agenda. If not, please raise your hand and we will bring one to you. Does anyone need an agenda?

Let me quickly review the matters on this morning's agenda. Our Chairman Paul Anderson will call the meeting to order. After taking care of some procedural matters, he will introduce the members of Duke Energy's Board of Directors. We will then move on to the election of directors, the proposal to approve the

Duke Energy Corporation 2006 Long-Term Incentive Plan, and the proposal to ratify the selection of the Company's independent public accountant for 2006, all of which is described in your Proxy Statement. We will then vote on each of those matters. Next, Paul Anderson and our President and CEO Jim Rogers will give you an update on our recent progress as a company, and our plans for the future. We will then announce the voting results, after which we will take your questions.

Before we begin, I'd also like to recite the following Safe Harbor Statement:

Some of the things we will discuss in today's meeting concerning future company performance will be forward-looking statements within the meaning 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 2005 Form 10-Ks and 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.

Now, let me introduce our Chairman, Mr. Paul Anderson.

2. WELCOME AND CALL TO ORDER

PAUL ANDERSON:

Thank you, Julie. The meeting will please come to order. Good morning, ladies and gentlemen. I am Paul Anderson, Chairman

of Duke Energy, and I want to welcome all of you to this 2006 Annual Meeting of Shareholders.

In accordance with Delaware General Corporation Law: I appoint DAVID MALTZ, Vice President of Legal here at Duke Energy, and SID RODRIGUE of ADP Investor Communication Services, our proxy tabulator, to act as Inspectors of Election for this meeting. David and Sid, please stand and be recognized.

Our Corporate Secretary and Chief Ethics and Compliance Officer, JULIE JANSON, also acting as Secretary of this meeting, will now report the number of shares of stock entitled to vote, and the number of shares and votes represented in person or by proxy at this meeting.

JULIE JANSON:

As of the close of business on August 25th, 2006, Duke Energy Corporation had outstanding and entitled-to-vote 1 billion, 254

million, 144 thousand and 806 shares of common stock, each of which is entitled to one vote. There are here represented by proxy 1 billion, 102 million, 603 thousand and 416 shares of the Corporation's common stock, which constitute 87.91 percent of the total votes entitled to vote at this meeting. The final reports of the Inspectors of Election will include the votes, if any, of the shareholders present and voting in person.

PAUL ANDERSON:

Thank you, Julie.

Legal notice of this meeting has been duly given. A quorum is present, and the meeting is now lawfully convened for the transaction of business.

3. INTRODUCTION OF BOARD

First, I have the pleasure of introducing the members of your Board of Directors who are here with us today. As I introduce each of them, I'll ask them to stand and be recognized:

ROGER AGNELLI, President and Chief Executive Officer of CVRD, the largest mining company in Brazil

BILL BARNET, Chairman, President and Chief Executive Officer of Barnet Development Corporation, and the mayor of Spartanburg, South Carolina

ALEX BERNHARDT, Chairman and Chief Executive Officer of Bernhardt Furniture Company

MICHAEL BROWNING, Chairman and President of Browning Investments

PHILLIP COX, President and Chief Executive Officer of Cox
Financial Corporation

JIM HANCE, retired Vice Chairman and Chief Financial Officer for
Bank of America

DENNIS HENDRIX, retired Chairman of PanEnergy Corp

MICHAEL PHELPS, Chairman of Dornoch Capital

JIM RHODES, Retired Chairman, President and Chief Executive
Officer of the Institute of Nuclear Power Operations

JIM ROGERS, President and Chief Executive Officer of Duke
Energy, and the former Chairman and Chief Executive Officer of
Cinergy Corp

DUDLEY TAFT, President and Chief Executive Officer of the Taft Broadcasting Company.

Also seated in the first few rows are the members of our management team. In the interest of time I will not introduce them individually. However, I would like to acknowledge two members of the team.

First is FRED FOWLER, Group Executive and President, Duke Energy Gas. Fred will become the President and CEO of the new gas company, once it is formed.

And RUTH SHAW, Group Executive - Public Policy, and President, Duke Nuclear. Many of you are probably aware that this will be Ruth's last meeting, as she plans to retire in March 2007. I would like to personally thank Ruth for her many invaluable contributions to Duke Energy over the last 14 years.

As for the other members of the management team, I hope you had a chance to meet some of them on your way in. If not, perhaps you will have an opportunity to do so after this meeting.

I want to express my personal appreciation to the directors and the management team for their support and commitment to the Company.

I would also like to introduce MIKE FRANKOVICH from our corporate security department, who is serving as Sergeant-at-Arms.

Finally, I would like you to meet GREG ALIFF, DANNY DURAND and GARY SULLIVAN of Deloitte & Touche, the Company's independent public accountant.

We will now proceed with the election of 15 directors, the proposal to approve the Duke Energy Corporation 2006 Long-

Term Incentive Plan, and the ratification of the selection of Deloitte & Touche as the Company's independent public accountant for 2006.

4. SHAREHOLDER VOTING

We have a declassified Board of Directors, which means all of the directors are voted on every year at the annual meeting. The Board of Directors has duly nominated: Directors Agnelli, Anderson, Barnet, Bernhardt, Browning, Cox, Esrey, Gray, Hance, Hendrix, Phelps, Rhodes, Rogers, Schapiro and Taft, for election as directors for a one-year term expiring in 2007. These nominees, as set forth beginning on page 5 of the Proxy Statement, are hereby considered presented for the purpose of voting for their election as Directors.

In addition, the Duke Energy Corporation 2006 Long-Term Incentive Plan, as set forth beginning on page 19 of the Proxy

Statement, is also hereby presented for the purpose of voting on the approval of the adoption of the Plan.

The selection of Deloitte & Touche as the Company's independent public accountant for 2006, as set forth on page 28 of the Proxy Statement, is also hereby presented for the purpose of ratification.

If you have not previously voted your proxy, or if you would like to change your vote, a vote by ballot will now be taken for the election of directors, for approval of the Duke Energy Corporation 2006 Long-Term Incentive Plan, and for ratification of the selection of Deloitte & Touche as the Company's independent public accountant for 2006.

The polls are now open. If you wish to vote by ballot, please raise your hand. When you have completed your ballot, please raise your hand again so we can collect it.

Does anyone need a ballot?

(Staff members distribute and collect the ballots.)

The polls are now closed. Any shares voted at the meeting today will be tabulated and included in the final vote, and filed with the minutes of this meeting. I now excuse the Inspectors of Election to conduct a vote tabulation and inspection.

5. PAUL ANDERSON'S PRESENTATION

While we're waiting for the voting results, Jim Rogers and I want to share with you our thoughts on this year's important developments, and our expectations for the future.

This is the last time I'll stand here as chairman of Duke Energy. I leave with mixed emotions. There's some sadness, of course, but

also a sense of satisfaction for what we've been able to accomplish – and enthusiasm for the new companies we're about to create.

As you're probably aware by now, the company you know as Duke Energy will become two separate entities on January 1st. When that happens, you will automatically own shares of both companies – Duke Energy and the new gas company, which we're calling "Gasco" for now, until it gets a real name. I am slated to be the chairman of the board of Gasco and, as I mentioned, Fred Fowler will serve as President and CEO.

With this upcoming spinoff of our natural gas business, we are coming to the end of a journey we began three years ago, to set Duke Energy on a more solid footing.

When I came back to Duke as Chairman and CEO in 2003, the Board asked me to do three things:

- First, to restore the company's financial strength and credibility – what I call “getting the ox out of the ditch”
- Second, to establish a sustainable business model for the company
- And third, to find a new CEO to take the company to the next level.

By the end of 2004, we had achieved the goal of “getting the ox out of the ditch” and getting back to basics. That allowed us to focus on putting a sustainable business model in place – one that would carry less risk and provide a more flexible platform for growth.

We made the decision to exit all of Duke Energy North America's trading positions and merchant energy operations, except for those facilities located in the Midwest. We also reduced to 50 percent our share of ownership in Duke Energy Field Services, our joint venture with ConocoPhillips.

In April, we completed our merger with Cinergy, to give our electric business the scale to stand alone. And at the same time, the merger achieved the Board's third mandate – to find a new CEO – namely, Jim Rogers.

Over Jim's 18-year history as a CEO in the energy industry, he has provided an average annual shareholder return of 13.5%, which exceeds the S&P 500 over that time period, as well as the top 25 utilities in the United States.

With Jim running the company since April, I have been able to focus my attention on the next step in establishing a sustainable business model – making the decision on whether to separate our gas and electric businesses.

This meeting gives me a good opportunity to explain why we believe the gas spinoff is the right move at the right time, and why it makes sense from a shareholder perspective.

To answer those questions, we have to look back a few years.

When Duke Power and PanEnergy came together almost 10 years ago, the energy landscape looked a lot different than it does today. Deregulated power markets and gas-fired generation promised to give integrated gas and electric companies a competitive advantage in a new environment. The buzzword was “convergence.”

At first, the convergence model worked. In fact, it worked so well that the regulators strengthened their affiliate rules to prevent companies like Duke Energy from gaining a market advantage from our broad scope of operations.

New regulations limited interactions between our affiliated companies. The advantages of convergence were mostly lost in a sea of complexity.

Then, of course, powerful changes swept through our industry – the California energy crisis, the collapse of Enron, a rash of trading and marketing scandals, and the near collapse of merchant energy.

Duke Energy responded quickly. We cut back on capital spending, sold off non-core assets, exited the trading and marketing business – and emerged with our balance sheet in good shape, and our reputation intact.

Still, over the last 10 years, our business has grown more and more complicated – and sometimes downright confusing. The marketplace hasn't quite known what to make of us as an investment.

Our wide array of businesses also made it more difficult to find potential merger and acquisition partners. We found that potential partners were out there looking for pure-plays.

If we were talking to an electric company, they'd tell us: "We love the fact that Duke Power has been an industry leader for more than a century. We would really be interested in combining with such a company. But what about this gas business you have? We really don't understand how that fits."

And on the flip side, gas companies would tell us: "We really like your gas position. We'd like to be part of that, but we don't really care to be in the electric utility business."

Considering all of these factors, it became clear to us that today's market places a higher value on pure-play companies than on energy superstores – and that's where we needed to go.

We moved ahead to pursue the separation of our gas business, and got the green light from our Board in June.

In a few moments, Jim Rogers will share with you his vision for a reinvented Duke Energy, and some of the exciting developments happening on that side of the business. He'll also give you a progress report on the Gasco spin.

But first, I'd like to take a few more moments to talk about the future of the new gas company.

Our vision is simple – to be the premier, pure-play midstream natural gas company in North America.

Over at least the next three years, Gasco expects to achieve 5 to 7 percent growth in compounded ongoing diluted earnings-per-

share (that's a mouthful!) – while maintaining a strong balance sheet and operating cash flow.

What will drive that growth? Primarily two things:

- First, the strategic locations of our assets, which are connected to the fastest-growing markets and the most diverse supplies in North America.
- And second, changes in the gas industry that are creating an unusual number of expansion opportunities.

I won't take time today to go into all of those industry dynamics. If you're interested, you can find that information in the Form 10 we filed with the SEC.

Instead, I'll close by briefly summarizing what you as “charter” shareholders can expect from the new Gasco:

- First, the best midstream natural gas assets in North America, as I mentioned
- A host of new high-potential projects already under way
- A diligent approach to cost management
- A continued focus on serving our customers and all of our stakeholders
- A continued focus on safety, reliability and the highest ethical standards
- And last, but never least, a team of experienced employees who are dedicated to delivering solid results for you, our shareholders.

This new company will begin its life with a strong inheritance from Duke Energy and its predecessor companies – with a proud history of customer service, operational excellence and steadfast integrity.

I thank you for the trust you have placed in Duke Energy and its leadership. I promise to continue in that tradition, and earn your continued confidence as we embark on our own journey as Gasco.

Now I'll turn the podium over to Jim Rogers.

6. JIM ROGERS' PRESENTATION

JIM ROGERS:

Thank you, Paul, and congratulations on your leadership and your significant accomplishments for Duke Energy over these last three years.

And thank you all for being here today.

This is my first meeting as your CEO, and I just want to say how honored I am to be here and to serve you.

What I'd like to do is briefly cover two areas:

- First, the value proposition for the power business,
- And second, what the spin means to you, our shareholders.

Paul has given you a preview of what to expect from Gasco, and I'd like to do the same for Duke Energy. But before I do, let me first say that our goal was for each company to have a simple, straightforward roadmap to where they are going – a roadmap that all stakeholders can easily understand.

For the power business, that meant we had to get bigger before we could get leaner. With the Cinergy merger, we built up the electric side of the business, so it would have the size, scale and scope to stand on its own.

After the separation, Duke Energy will essentially be a pure-play electric company. It will continue to be a leader in electric power generation and delivery, with a focus on:

- Safe and efficient operations
- Excellent customer service
- Environmental responsibility and sustainability
- Contributing to the vitality of our communities by leading on economic development and volunteerism
- And most importantly, delivering superior returns to our investors.

That's a vision you've heard from the Duke leaders who served before me – the legendary “Bills” – Lee and Grigg. And you've heard it from Paul Anderson.

Virtually 100% of the power company's ongoing earnings will come from energy infrastructure businesses. Some 80% of our

ongoing total segment EBIT will come from our regulated Franchised Electric and Gas segment alone.

With the sale of our marketing and trading business, Commercial Power is now primarily focused on getting the maximum value out of our deregulated Midwestern assets. We expect about 10% of our ongoing total segment EBIT to come from the Commercial Power segment.

Duke Energy International will continue to focus on optimizing its operations in Latin America. This low-risk business is very similar to what we do in the U.S. About 80% is hydroelectric, and approximately 85% of those assets are under contract. It represents roughly 10% of our ongoing total segment EBIT.

Duke Energy expects to grow ongoing diluted earnings per share by an average of 4 to 6 percent annually over at least

the next three years, while maintaining a solid balance sheet and delivering strong operating cash flow.

We expect to deliver this growth in a number of ways:

- First, by solid organic growth. We expect our kilowatt-hour demand to grow an average of 1 to 1.5% over the next three years in our five states.
- Second, the merger savings will yield improved performance in our operations, which will drive our ability to grow earnings.
- Third, we are working on the development of four plants to meet our future generation capacity needs.
 - This includes two new coal units with state-of-the-art emissions controls in North Carolina, and a clean coal gasification plant in Indiana.
 - And, we are beginning the licensing process for a new nuclear plant in South Carolina.

I don't know of another company that has as many new technologies on the drawing board. These plants will require an investment of \$7 to \$9 billion over the next decade.

We are also focusing on the demand side. Last week, we launched our major energy efficiency initiative, which we call “the fifth fuel” to complement coal, natural gas, nuclear and renewable energy. All of these will help us in meeting our customers' future energy demands. We have two simple, but important goals:

- Help our customers use energy more wisely, and
- Earn a return for our investors through our fifth-fuel initiatives.

You'll be seeing and hearing more about this as we launch new programs.

All of these energy efficiency and construction initiatives support our commitment to provide low-cost and reliable service to our customers, while we also reduce our impact on the environment.

Now let me talk about what you, as a shareholder, should expect as a result of the spin.

As a Duke Energy shareholder, you will not be required to take any action to receive your shares of Gasco. However, if you have not yet exchanged your physical stock certificates – a requirement of the merger with Cinergy – you will not receive Gasco shares until you do so. Maybe more importantly, you will also not receive your dividend. So please make that exchange as soon as possible. We have people here today who can assist you if you need more information – see Joe Crapster in Investor Relations and he can help you with that. (Joe, please raise your hand.)

It's also important that you understand that the stock price for Duke – with the ticker symbol DUK – will probably be lower when the spin is completed than it was just the day before. This is because some of the value of the company – we're estimating somewhere between 35 and 40% – is being transferred to Gasco, which will have its own ticker symbol. So you'll need to look at the two companies together to see what your total investment is.

I know this may be confusing, so let me give you an example of how this might work, and we have some slides to illustrate it. Copies of these slides are also available on our Web site.

As you are probably aware, Duke has been trading between \$31 and \$32 for the last several days. So, for convenience and to make it a bit easier to follow the example, let me use \$32 as Duke's stock price for this illustration. The lawyers tell me that I should tell you, that this is solely for purposes of reviewing this example, and you should know that I am not predicting what our

stock price will be. And the amount of the dividend, of course, is continually reviewed by the company's board of directors.

Okay, so let's assume you own 100 shares of Duke. As you know, we are targeting to spin the company on January 1st, 2007. So on December 29th, the last trading day of 2006, let's assume Duke closes at \$32 per share. So your total investment would be worth \$3,200 – 100 shares times \$32.

Let's also assume that on January 2nd, the first trading day of the New Year, Duke trades at \$20 per share and Gasco trades at \$24 per share.

We will be proposing to our Board that you receive half a share of Gasco stock for each share of Duke stock that you own. That means you would have 100 shares of Duke stock at \$20 per share, which would be worth \$2,000, and 50 shares of Gasco stock at \$24 per share, which would be worth \$1,200. That would

give your investment a market value of \$3,200 – the same as 100 shares of Duke at \$32 per share.

And the dividend will be split proportionately as well.

Using the same assumptions as the previous example, you would have 100 Duke shares with an 84-cent dividend, and your 50 Gasco shares would have an 88-cent dividend, which would give you \$128.

So at the end of the day, you will continue to receive the same value in a dividend payment from the two companies that you currently receive from Duke – and that is \$1.28 for every share of Duke you own today.

Now these are just examples, and in a perfect world, that is how the math would work. But you should be aware that there will likely be some volatility in both companies' stocks as investors

make decisions as to where they want to put their money.

Ultimately the market will decide at what price each stock will trade.

But the sum of the two companies should roughly equal what your current investment is in Duke. There will be some ups and downs depending on what the market thinks, but ultimately, we believe that over the long term, the value you will have in both companies will be higher than it would have been if we had not split the company.

Additionally, a new board of directors will be named for both Duke and Gasco in the near future. You heard Paul say that he will be the chairman of the gas company, and I will be the chairman of the power company.

As the Duke CEO and future chairman, let me reiterate my commitment to focus on what matters most to you:

- Growing earnings and dividends over time
- Achieving the full value of our portfolio
- Reinvesting in the business
- Developing a strong leadership team with a deep bench, and
- Delivering clear and transparent communications.

Paul mentioned my track record on shareholder value. I'm committed to keeping that record in place, and building on it, and I thank all of you for your trust.

Now, let me turn it back over to Paul as I think we have the results of the voting in place.

7. REPORT OF INSPECTORS OF ELECTION

PAUL ANDERSON:

The voting inspectors have returned and we have their report. I'll ask our secretary Julie Janson to please summarize the report.

JULIE JANSON:

Mr. Chairman, the report shows that each nominee for election of director has received the required affirmative vote of shareholders sufficient for his or her election.

Regarding the proposal to approve the Duke Energy Corporation 2006 Long-Term Incentive Plan, the report shows that holders of 59.79% of the outstanding Common Stock of the Company voted in favor of the proposal, and holders of 7.04% of the outstanding Common Stock voted against it. The proposal has received the required affirmative vote of shareholders sufficient to approve the adoption of the Plan.

And lastly, regarding the proposal to ratify the selection of Deloitte & Touche as the Company's independent public accountant for

2006, the report shows that holders of 85.44% of the outstanding Common Stock of the Company voted in favor of the selection and holders of 1.66% of the outstanding Common Stock voted against it. The proposal has received the required affirmative vote of shareholders sufficient for the ratification.

PAUL ANDERSON:

Thank you, Julie.

Based on those results, all 15 nominees have been elected by shareholders to serve as directors of Duke Energy, and the proposals have been approved in favor of the Duke Energy Corporation 2006 Long-Term Incentive Plan and for the ratification of Deloitte & Touche as the Company's independent public accountant for 2006.

The final reports of the Inspectors of Election are hereby ordered to be filed with the minutes of this meeting. This concludes the business to be properly brought before today's meeting.

8. QUESTION AND ANSWER PERIOD

Now we will open the meeting to any questions or comments that shareholders may have, for Jim Rogers or myself.

We request that each shareholder who wishes to speak make his or her question as brief as possible. To give more shareholders the opportunity to address the meeting, please limit your questions and comments to three minutes.

If you are a shareholder and have a question, please raise your hand and wait for a microphone to be brought to you.

After you have been recognized, please state your name and speak clearly into the microphone so that everyone can hear your question, including those listening by webcast.

Are there any questions?

(Q&A)

PAUL ANDERSON:

Are there any other questions? Hearing none, I would like to close this meeting by thanking you again for your support, and for the interest you have shown by your attendance today.

I now declare the meeting adjourned.

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