



Duke Energy

December 2006



Jim Rogers

President and Chief Executive Officer

David Hauser

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 2005 Form 10-K filed with the SEC and Duke Energy's other SEC filings, concerning factors that could cause those results to be different than contemplated in today's discussion.

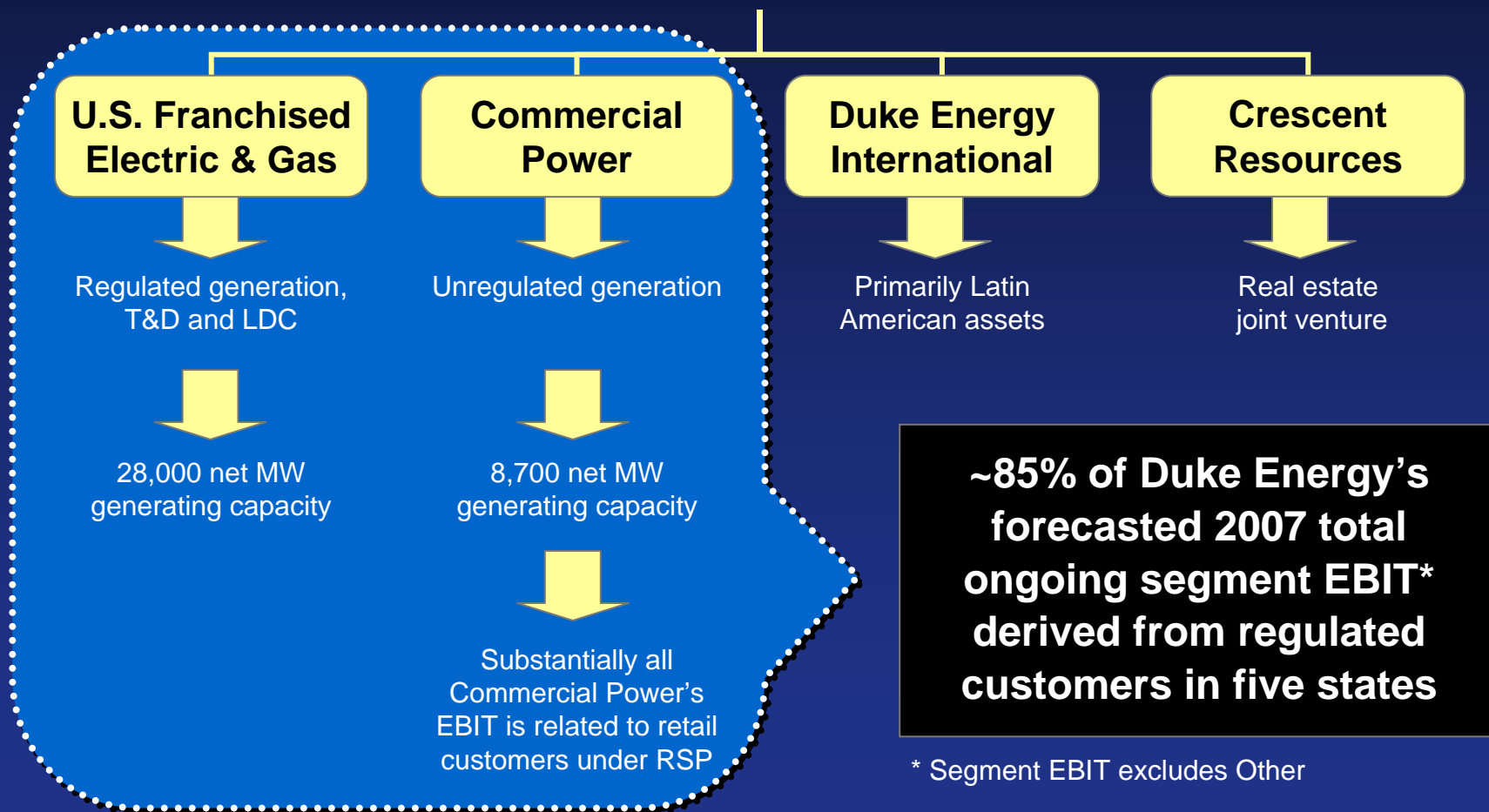
Reg G Disclosure

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.

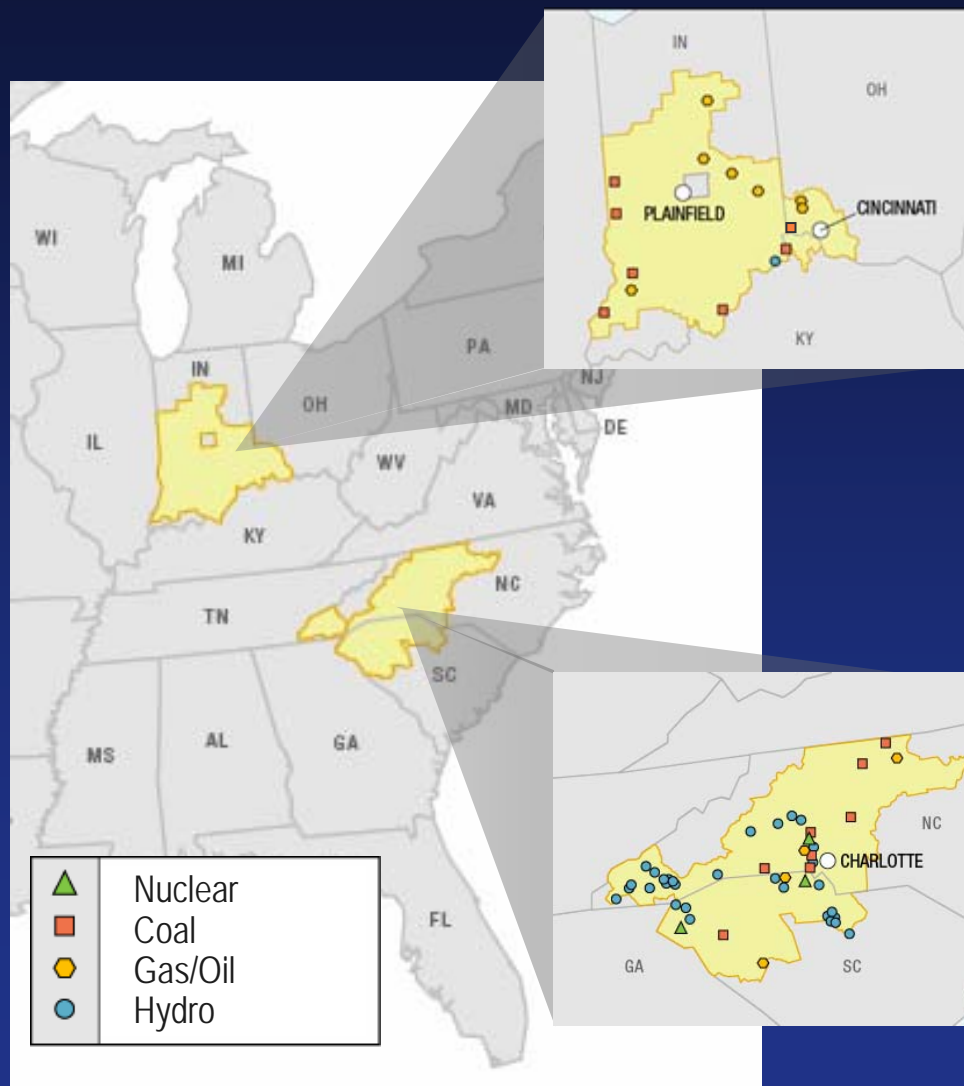
Investment Highlights

- One of the leading power infrastructure companies in the U.S.
- Low-risk business profile
 - ◆ Approximately 85% of total ongoing segment EBIT from utility operations
- Strong earnings growth and total return
 - ◆ 4 – 6% ongoing diluted EPS growth from 2007 base
 - ◆ Dividend growth in line with earnings growth
- Solid balance sheet provides financial flexibility
 - ◆ No common equity issuance required to support planned capex

Low Risk Business Profile



U.S. Franchised Electric & Gas



Highlights

- 5 States: North Carolina, South Carolina, Indiana, Ohio and Kentucky
- 47,000 square mile service territory
- 28,000 net MW of generating capacity
- 3.9 million retail electric customers
- 500,000 retail gas customers
- Approximately \$16 billion in retail rate base

Commercial Power, International and Crescent

- Commercial Power

- ◆ 8,700 net MW of non-regulated generation assets in the Midwest
- ◆ Substantially all EBIT associated with retail customer sales

- International

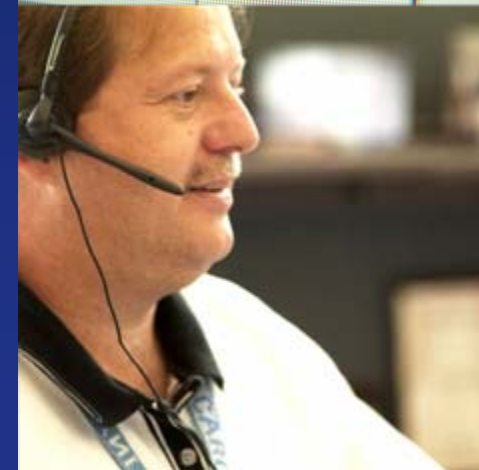
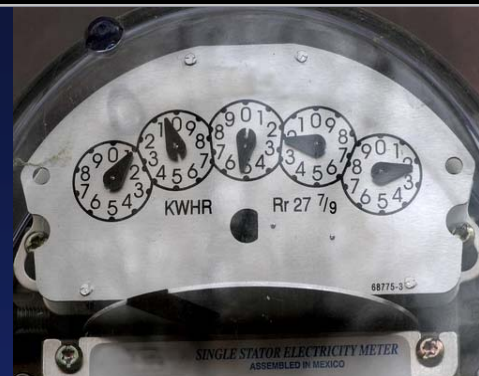
- ◆ Primary focus on Brazil, Peru and Argentina
- ◆ 4,200 net MW; ~75% hydro; ~80% contracted
- ◆ Measured investments from available free cash flow

- Crescent

- ◆ Partnership with Morgan Stanley Real Estate Fund
- ◆ No plans to invest additional capital

Drivers for Positive Regulatory Outcomes

- Reliable operations
- Low prices for customers
- Limited fuel price volatility
- High customer satisfaction



Reliable Operations and Low Prices

- Operating measures
 - ◆ Nuclear capacity factor: 95%
 - ◆ Fossil/hydro commercial availability: 93%
- Rates well below the national average

Bundled Retail Rate Comparison

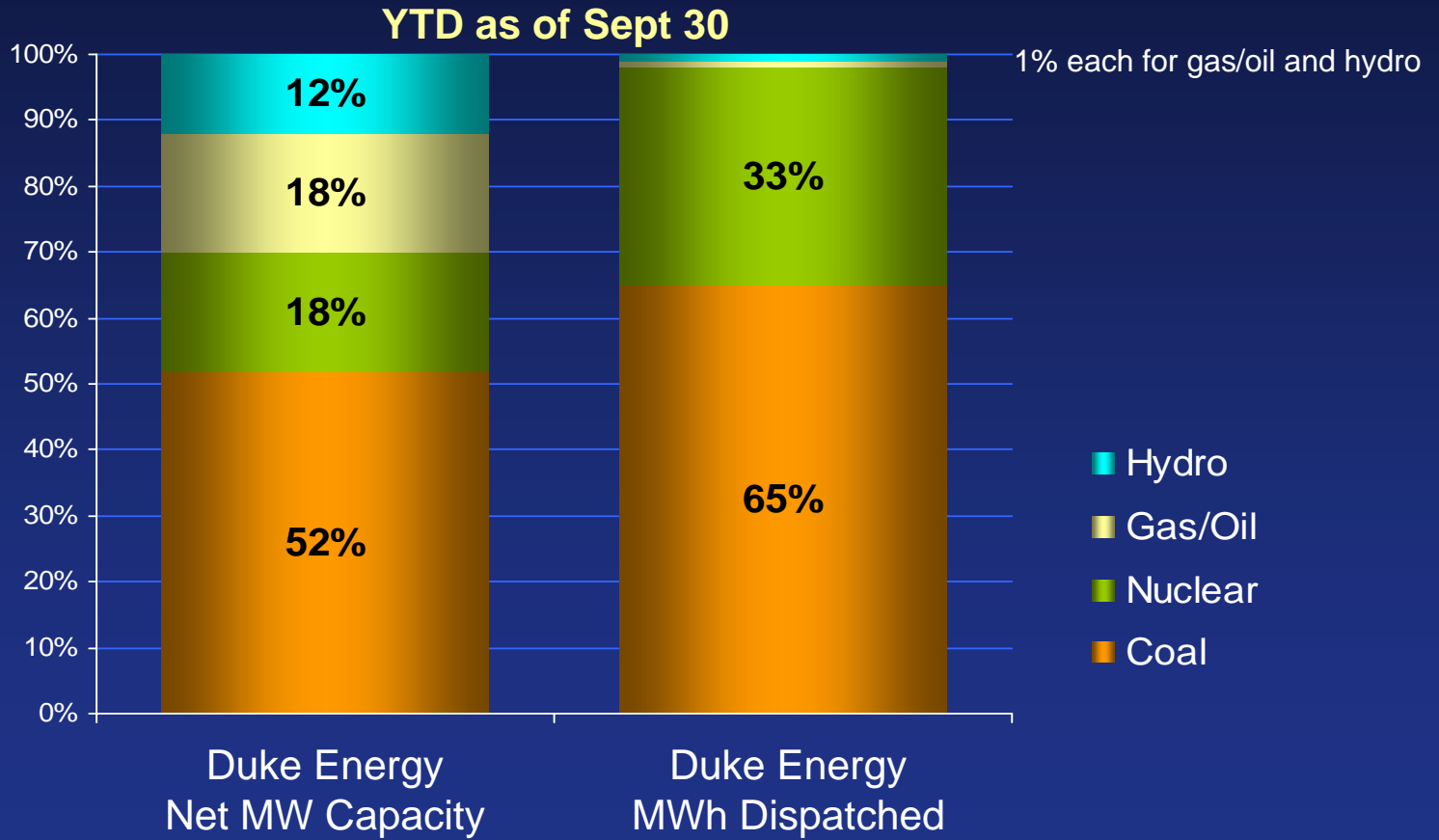
	<i>Cents / kwh</i>	<i>% National Avg.</i>
National Average	8.54	
Duke Energy		
SC	5.46	64%
IN	5.98	70%
KY ⁽¹⁾	6.01	70%
NC	6.40	75%
OH	7.36	86%

Source: EEI Typical Bills Summer 2006

(1) Does not reflect recent rate settlement, which provides for a 20% rate increase, effective Jan. 1, 2007

Limited Fuel Price Volatility

100% of fuel costs recovered through trackers



Note: Excludes Commercial Power's generation assets, reflects nine months of operations for the former Cinergy assets

History of Constructive Regulatory Outcomes

- Acquired more than 1,300 MW of peaking capacity to meet growing customer demand in NC, SC and IN
- Rate increase in Indiana for \$1.3 billion in rate base additions
- Recovery of Indiana IGCC feed study costs
- Reached settlement in Kentucky for rate increase primarily related to acquisition of generating assets
- North Carolina Clean Air amortization
- Recovery of \$1.1 billion in environmental spending in Indiana
- Ohio Rate Stabilization Plan
- Accelerated gas main replacement trackers in OH and KY
- Bulk Power Marketing sharing agreement in NC

Regulatory and Legislative Initiatives

Carolinas

- ◆ NC rate resolution
- ◆ Recovery of nuclear development costs
- ◆ CPCN authority to build coal plant
- ◆ Nuclear and fossil CWIP tracker

Midwest

- ◆ Ohio RSP extension post-2008 and/or legislation
- ◆ CPCN authority to build IGCC plant
- ◆ Potential electric and gas general rate cases

Earnings Growth Drivers

- Steady sales growth
- Enhanced cost reductions due to merger savings
- Significant capital reinvestment



Steady Sales Growth and Enhanced Cost Reductions

- 65,000 new customers per year
 - ◆ Economic development efforts are paying off
- Consistent focus on cost control
 - ◆ Merger Savings
 - \$650 million net savings over five years
 - Merger-related rate reductions to substantially end by mid-2007

Capital Investment Drives Earnings Growth

- Required capacity growth
 - ◆ Regulated: ~6,400 additional MWs required within 10 years
 - ◆ Ohio: Immediate need for another 1,500 MW
- Three-year plan includes approximately \$9 billion of capex
 - ◆ Cliffside coal plant in North Carolina
 - ◆ New IGCC plant in Indiana
 - ◆ New nuclear plant in South Carolina



Financial Overview



David Hauser
Chief Financial Officer

Ongoing Earnings Growth

- 2007 employee incentive target of \$1.15 per share
 - ◆ Based on ongoing diluted EPS
- 4 – 6% ongoing diluted EPS growth from 2007 base
- Earnings growth from:
 - ◆ Full year of earnings from Midwest operations (2007 impact)
 - ◆ Realization of cost savings
 - ◆ Customer sales growth
 - ◆ Capital re-investment
 - ◆ Execution of regulatory initiatives

2007 Ongoing EBIT Expectations

(\$ in millions)

US Franchised Electric & Gas	\$ 2,300
Commercial Power ⁽¹⁾	200
Duke Energy International	315
Crescent Resources ⁽²⁾	<u>100</u>
Total Ongoing Segment EBIT	\$ 2,915
Other	<u>(215)</u>
Total Ongoing Segment and Other EBIT	<u><u>\$ 2,700</u></u>

(1) Includes net negative purchase accounting impact of approximately \$90 million

(2) Proportionate share of equity earnings

2007 Assumptions

- Effective tax rate of 33% in 2007
 - ◆ Effective tax rate without the impact of synfuel credits would be 35.5%
- Interest expense expected to be approximately \$625 million
- Target includes approximately \$80 million of pre-tax interest income related to cash balances
- Plan reflects quarterly dividend increase of 1 cent/share beginning in third quarter 2007
- Target includes an EBIT loss of approximately \$60 million associated with Midwest gas-fired generation
- Crescent Resources accounted for on the equity method

2007 Cash Flows

(\$ in millions)

	<i>2007 Estimate</i>
<i>Primary Sources:</i>	
Net income	\$ 1,450
(Based on \$1.15 per share target and 1,270 million shares)	
Depreciation & amortization	1,875
Total Sources	<u>\$ 3,325</u>
<i>Primary Uses:</i>	
Capital expenditures	\$ (3,325)
Dividends	(1,075)
Other sources/(uses), net	(25)
Total Uses	<u>\$ (4,425)</u>
<i>Net Cash and Short-term Investments Used</i>	<u><u>\$ (1,100)</u></u>

Note: Cash, cash equivalents and short-term investments expected to be approximately \$1.6 billion at beginning of period.

No new equity issuances planned to fund capex program

Capital Expenditures

(\$ in millions)

	2007	2008	2009
Expansion	\$ 600	\$ 1,150	\$ 1,775
Environmental	750	475	150
Nuclear Fuel	150	200	150
Maintenance and Other	1,350	1,325	1,125
Non-regulated ⁽¹⁾	475	350	300
Total Cap Ex	\$ 3,325	\$ 3,500	\$ 3,500

(1) Includes Commercial Power and International

Re-investment Supports Earnings Growth

(\$ in billions)

2006 – 2009 Rate Base



~20% 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 – 9%

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

Strong Balance Sheet / Financial Flexibility

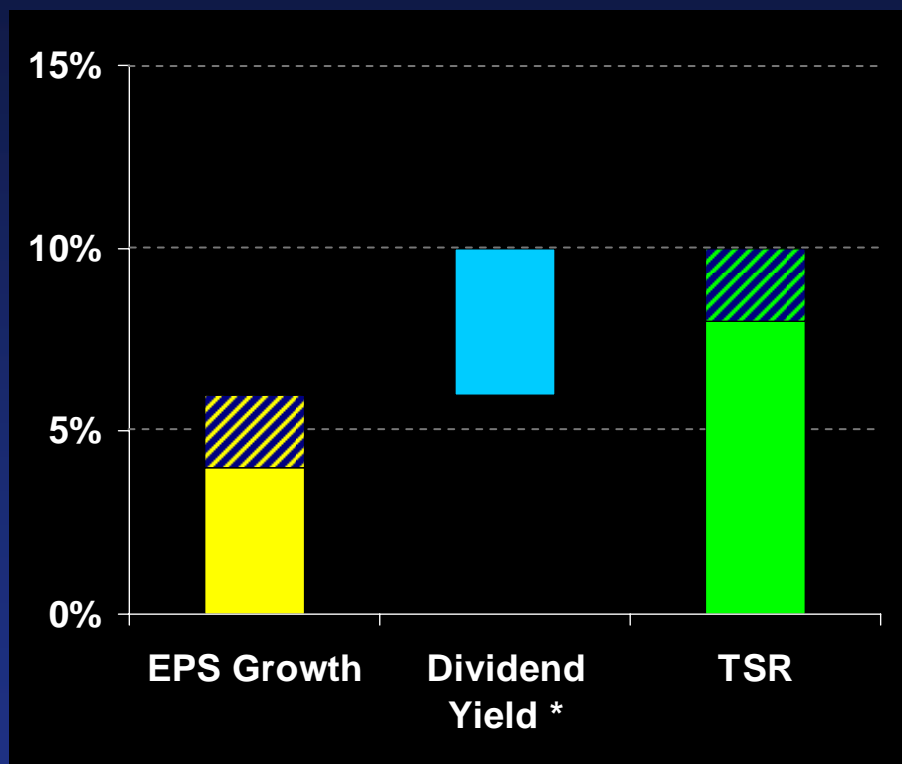
- Expect to maintain solid, investment-grade credit metrics
- Debt/capitalization ratio projected to be in the low-40% range by 2009
- Allows rate base growth without equity issuance
- Flexibility for up to \$500 million share buyback program

	S&P A Rating	S&P BBB Rating	Duke Energy Post-Spin
S&P Credit Risk Profile	5	5	Assumed 5
Debt/Total Capitalization	42% – 50%	50% – 60%	Upper 30% range
FFO Interest Coverage	4.5x – 3.8x	3.8x – 2.8x	~5.0x – 5.5x

Value Proposition

- 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
- Strong balance sheet provides flexibility

Annual Total Return Profile



* Based on current dividend yield of approximately 4%

Duke Energy Corporation
Non-GAAP Reconciliation for SEC Regulation G
December 2006 Investor “Road Shows”

Anticipated Ongoing Diluted Earnings-per-share (“EPS”) Growth Percentages

The materials for Duke Energy’s December 2006 Investor “Road Show” presentations include a discussion of the anticipated growth in ongoing diluted EPS through at least 2009 for Duke Energy, which excludes the forecasted results of Spectra Energy, the proposed stand-alone company consisting of Duke Energy’s natural gas businesses slated to be spun-off entirely to Duke Energy shareholders on Jan. 2, 2007. These growth percentages are based on anticipated 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 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.

2007 Employee Incentive Target Measure

The materials for Duke Energy’s December 2006 Investor “Road Show” presentations include a discussion of the 2007 ongoing EPS employee incentive target for Duke Energy and include a reference to the corresponding anticipated 2006 EPS measure for Duke Energy’s ongoing business. 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 any special items for the remainder of 2006 or for 2007.

Forecasted 2007 Ongoing Segment and Other EBIT

The materials for Duke Energy's December, 2006 Investor "Road Show" presentations include a discussion of forecasted 2007 ongoing EBIT for Duke Energy's reportable segments and for Other, which represents the remainder of Duke Energy's operations. Forecasted 2007 ongoing segment and Other EBIT amounts are non-GAAP financial measures, as they reflect segment and Other 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 measures for forecasted ongoing segment and Other EBIT are reported segment and Other EBIT from continuing operations, which includes the impact of special items. The most directly comparable GAAP measure for total ongoing segment and Other EBIT is reported earnings from continuing operations before income taxes, 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 measure is not available at this time, as management is unable to forecast any special items for any future periods.

FFO Interest Coverage Ratios

The materials for Duke Energy's December 2006 Investor "Road Show" presentations include a discussion of expected Funds From Operations ("FFO") interest coverage 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.

Free Cash Flow

The materials for Duke Energy's December 2006 Investor "Road Show" presentations include references to "free cash flow." Free cash flow amounts for Duke Energy represent the combination of (i) operating cash flows, (ii) capital expenditures and (iii) dividends, all as presented in the GAAP statement of cash flows.

**Duke Energy Corporation Consolidated
December 2006 Investor "Road Show"
Cash Flow Reconciliation Required by SEC Regulation G**
(\$ in Millions)

	Forecast 2007
Primary Sources:	
Net income (Based on \$1.15 per ongoing diluted share target) (1)	a \$ 1,450
Depreciation & amortization	a 1,875
Total Sources	<u>3,325</u>
Primary Uses:	
Capital expenditures	b (3,325)
Dividends	c (1,075)
Other sources/(uses), net	b (25)
Total Uses	<u>(4,425)</u>
Net Cash (represents combination of cash and cash equivalents and short-term investments)	<u>\$ (1,100)</u>

Reconciliations to amounts per U.S. GAAP reporting:

Operating cash flow components from above [summation of (a)]	\$ 3,325
Reconciling items to GAAP operating cash flow (2)	(525)
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 2,800</u>
Investing cash flow components from above [summation of (b)]	\$ (3,350)
Reconciling items to GAAP investing cash flow (3)	1,250
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (2,100)</u>
Financing cash flow components from above [item (c)]	\$ (1,075)
Reconciling items to GAAP financing cash flow (4)	375
Net cash used by financing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (700)</u>

Notes:

- (1) Forecasted net income of \$1,450 million for 2007 is based on Duke Energy's 2007 employee incentive earnings target of \$1.15 per share. The 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 non-cash items reflected in net income and changes in working capital accounts.
- (3) Amount consists primarily of net proceeds from the purchase and sale of available-for-sale securities and an adjustment for operating cash flow items included in the "Other sources/(uses), net" amount (primarily non-cash items reflected in net income and changes in working capital accounts).
- (4) Amount consists of net other financing activities including debt issues, debt retirements and changes in amounts of commercial paper outstanding.

Duke Energy Corporation
Non-GAAP Reconciliation for SEC Regulation G
December 2006 Investor “Road Shows”

Forecasted 2006 Ongoing Segment EBIT

Remarks made during Duke Energy’s December, 2006 Investor “Road Show” presentations included a discussion of previously announced forecasted 2006 ongoing segment EBIT for our U.S. Franchised Electric & Gas and Commercial Power reportable segments. During our April 3, 2006 presentation to analysts and investors in New York City, we announced our 2006 forecast of \$1,950 million in ongoing segment EBIT for our U.S. Franchised Electric & Gas segment, which included our expectations of ongoing segment EBIT contributions of \$1,500 from Duke Energy Carolinas, \$530 million from legacy Cinergy regulated businesses, \$50 million in merger-related savings, and an unfavorable forecasted impact to ongoing segment EBIT of \$130 million related to merger-related savings returns to customers. Also during our April 3, 2006 presentation, we announced our 2006 forecast of \$325 million in ongoing segment EBIT for our Commercial Power segment, which included our expectations of ongoing EBIT contributions of \$250 million related to our generation assets (including approximately \$75 million from our marketing and trading businesses), \$20 million in merger-related savings, forecasted favorable impacts from purchase accounting of \$60 million, and an unfavorable forecasted impact to ongoing segment EBIT of \$5 million related to merger-related savings returns to customers. As announced during our 3rd quarter 2006 earnings review, our estimate at that time of purchase accounting impacts to Commercial Power’s 2006 ongoing segment EBIT is an unfavorable effect of slightly less than \$100 million.

Ongoing segment EBIT is a non-GAAP financial measure, as it reflects 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 from continuing operations, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure 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 the remainder of 2006.