

First Quarter Earnings Review

May 8, 2007



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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.

Earnings Summary



	1Q07	1Q06
DUK Reported Diluted Earnings per Share	\$ 0.28	\$ 0.37
Special Items	0.03	-
Discontinued Operations	(0.01)	(0.16)
DUK Ongoing Diluted Earnings per Share	\$ 0.30	\$ 0.21

- Increase in ongoing earnings from:
 - Addition of Midwest assets at FE&G and Commercial Power
 - Improvements at International Energy
- Offset by:
 - Lower results at Crescent
 - Issuance of new shares with Cinergy merger
- Special items
 - Convertible debt costs associated with Spectra Energy spinoff of \$(0.02) per share
 - Costs to achieve Cinergy merger of \$(0.01) per share
- Combined 1Q06 ongoing diluted EPS for Duke Energy and Cinergy of approximately \$0.25 per share
 - Excludes any pro forma impact for purchase accounting adjustments

U.S. Franchised Electric & Gas



Reported & Ongoing Segment EBIT (\$ millions)		
	1Q07	1Q06
Reported Segment EBIT	\$ 574	\$ 359
Special Items	-	-
Ongoing Segment EBIT	\$ 574	\$ 359

- 1Q07 segment EBIT increased by \$215 million over 1Q06
- The addition of Cinergy's regulated utilities in the Midwest contributed \$218 million, net of \$13 million in rate reductions associated with the merger
- Positive results in the Carolinas due to:
 - Increased demand and favorable weather
 - Heating degree days up three percent
 - ~47,000 additional customers since 1Q06
 - DOE settlement – \$26 million
- Offset by \$38 million in merger-related rate reductions and \$17 million decrease in BPM sales for the Carolinas

U.S. Franchised Electric & Gas (cont.)



Merger-Related Rate Reductions (\$ millions)						
	2006 Actual	1Q07 Actual	2Q07 Est.	3Q07 Est.	Thereafter	Total ²
North Carolina	\$ 66	\$ 29	\$ 27	\$ 6	\$ -	\$ 128
South Carolina	23	9	6	-	-	39
Indiana	27	12	3	-	-	42
Ohio ¹	14	1	-	-	-	15
Kentucky	2	<1	<1	<1	7	11
Total ²	\$ 132	\$ 51	\$ 37	\$ 6	\$ 7	\$ 234

1. Excludes rate reductions recognized in 1Q06 prior to the merger, as well as \$12 million in rate reductions at Commercial Power

2. Totals may not foot due to rounding

Commercial Power



Reported & Ongoing Segment EBIT (\$ millions)		
	1Q07	1Q06
Reported Segment EBIT (Loss)	\$ (9)	\$ (26)
Special Items	-	-
Ongoing Segment EBIT (Loss)	\$ (9)	\$ (26)

- 1Q07 segment EBIT losses improved \$17 million over 1Q06
- Cinergy's non-regulated generation fleet added \$107 million offset by:
 - Purchase accounting charges of \$53 million related to the merger
 - \$40 million related to the sale of emission allowances
 - Costs from synfuels of \$23 million (before the benefit of \$26 million in tax credits)
 - MTM impact of \$26 million

International Energy



Reported & Ongoing Segment EBIT (\$ millions)		
	1Q07	1Q06
Reported Segment EBIT	\$ 94	\$ 86
Special Items	-	-
Ongoing Segment EBIT	\$ 94	\$ 86

- 1Q07 segment EBIT increased \$8 million compared to 1Q06
- Increase primarily due to:
 - Favorable energy prices in Brazil
 - Positive foreign currency translation
- Offset by increased fuel costs in Guatemala

Crescent Resources



Reported & Ongoing Segment EBIT (\$ millions)		
	1Q07	1Q06
Reported Segment EBIT	\$ 2	\$ 42
Special Items	-	-
Ongoing Segment EBIT	\$ 2	\$ 42

- 1Q07 segment results declined compared to 1Q06 due to the following:
 - 1Q07 results represent Duke's effective 50% ownership
 - Lower lot and land sales
 - 1Q07 includes \$10 million of interest expense

Other



Reported & Ongoing EBIT	(\$ millions)	
	1Q07	1Q06
Reported EBIT (Loss)	\$ (84)	\$ (54)
Special Items	32	5
Ongoing EBIT (Loss)	\$ (52)	\$ (49)

- 1Q07 ongoing EBIT losses were essentially flat compared to 1Q06
- Special items include:
 - \$21 million in convertible debt charges related to the Spectra spin-off
 - Cinergy merger costs-to-achieve of \$11 million in 1Q07 and \$5 million in 1Q06

Other Items



- Net cash balance of approximately \$1.4 billion on 3/31/07
 - Cash, cash equivalents and short-term investments net of commercial paper
- Interest expense for the quarter was \$164 million compared to \$103 million for 1Q06; increase primarily due to the Cinergy merger
- Reduction in effective tax rate from 35% in 1Q06 to 23% in 1Q07
 - Recognition of synfuel credits
 - Reduction in unitary state tax rate primarily due to the spin-off of Spectra Energy
- No share repurchases in the quarter

Earnings Growth Drivers



Steady Sales Growth	Enhanced Cost Reductions	Significant Capital Reinvestment
<ul style="list-style-type: none">▪ Annual load growth<ul style="list-style-type: none">▪ 1.5% in Carolinas▪ 1.0% in Midwest▪ ~65,000 new customers per year	<ul style="list-style-type: none">▪ Consistent focus on cost control<ul style="list-style-type: none">▪ Ahead of merger plan▪ Substantially all of cost-saving initiatives achieved▪ Creation of continuous improvement team	<ul style="list-style-type: none">▪ \$9 billion in regulated CapEx through 2009▪ Current focus on regulatory and legislative process

Regulatory and Legislative Initiatives



Cliffside	Nuclear Construction and Operating License (COL)
<ul style="list-style-type: none">▪ Received approval for 800 MW▪ 2,120 MW of new generation required in the Carolinas by 2011<ul style="list-style-type: none">▪ ~1,300 MW needed in addition to Cliffside▪ CPCN for gas-fired generation to be filed later this year▪ Responded to intervenors' motion for reconsideration▪ Updated cost estimate by May 31▪ Expect to move forward with plans to build	<ul style="list-style-type: none">▪ Expect to file COL for Lee Nuclear Station this fall▪ Southern Company will not participate in the project▪ We intend to continue to pursue project▪ Targeting 4Q07 to file CPCN in South Carolina▪ Current target of 2016 for completion

Regulatory and Legislative Initiatives (cont'd.)



IGCC Front-End Engineering and Design ("FEED") Study

- Filed with Indiana Commission in April
 - \$2 billion cost estimate in line with EPRI
 - Cost offset by federal, state and local tax incentives
 - CPCN hearings begin in June
 - Order expected in 4Q07

Renewable Energy RFP

- Seeking bids in North Carolina for renewable energy
 - Includes solar, wind, hydro and biomass
 - Growing importance due to rising cost of fossil generation and carbon constraints

Regulatory and Legislative Initiatives (cont'd.)



Energy Efficiency	New Generation Cost Recovery (Carolinas)
<ul style="list-style-type: none">▪ Filed proposal in NC to expand energy efficiency programs<ul style="list-style-type: none">▪ The “fifth fuel”▪ Model to create financial incentives▪ Save-a-watt proposal puts energy efficiency on par with new generation▪ Proposed programs cost less than building and operating new plants▪ Expect to pursue similar program in each jurisdiction	<ul style="list-style-type: none">▪ SC passed legislation<ul style="list-style-type: none">▪ Cost recovery assurance for new nuclear and coal▪ Nuclear financing costs in rates▪ Recovery of pollution control expenditures▪ NC energy bill in development stage<ul style="list-style-type: none">▪ Cost recovery assurance for new nuclear and coal▪ NC agreed to recovery of reasonable development costs for proposed nuclear station

Regulatory and Legislative Initiatives (cont'd.)



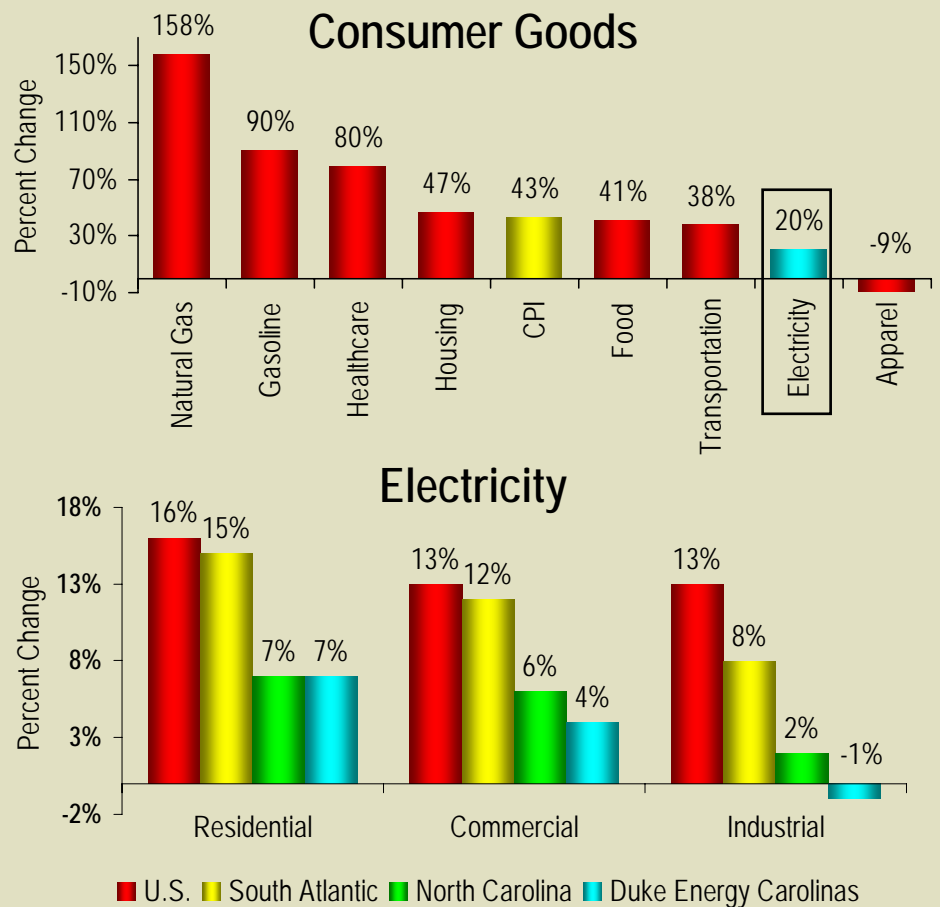
Ohio Regulatory	New Source Review
<ul style="list-style-type: none">▪ 1,500 MW currently needed▪ RSP expires in 2008▪ Amending proposal to extend RSP<ul style="list-style-type: none">▪ 5 – 10 years▪ Authority to buy or build generation▪ New legislation may be needed	<ul style="list-style-type: none">▪ Supreme Court overturned lower court rulings regarding hourly standard▪ Case expected to return to lower courts▪ Duke will continue to defend position that routine maintenance not subject to EPA review

NC Rate Review



- Condition of the Cinergy merger
- First rate review case in 16 years
- Base rates unchanged since 1991
- Current prices are 20% below national average
- Working to reach a settlement
- Expect order from the Commission in late 2007

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

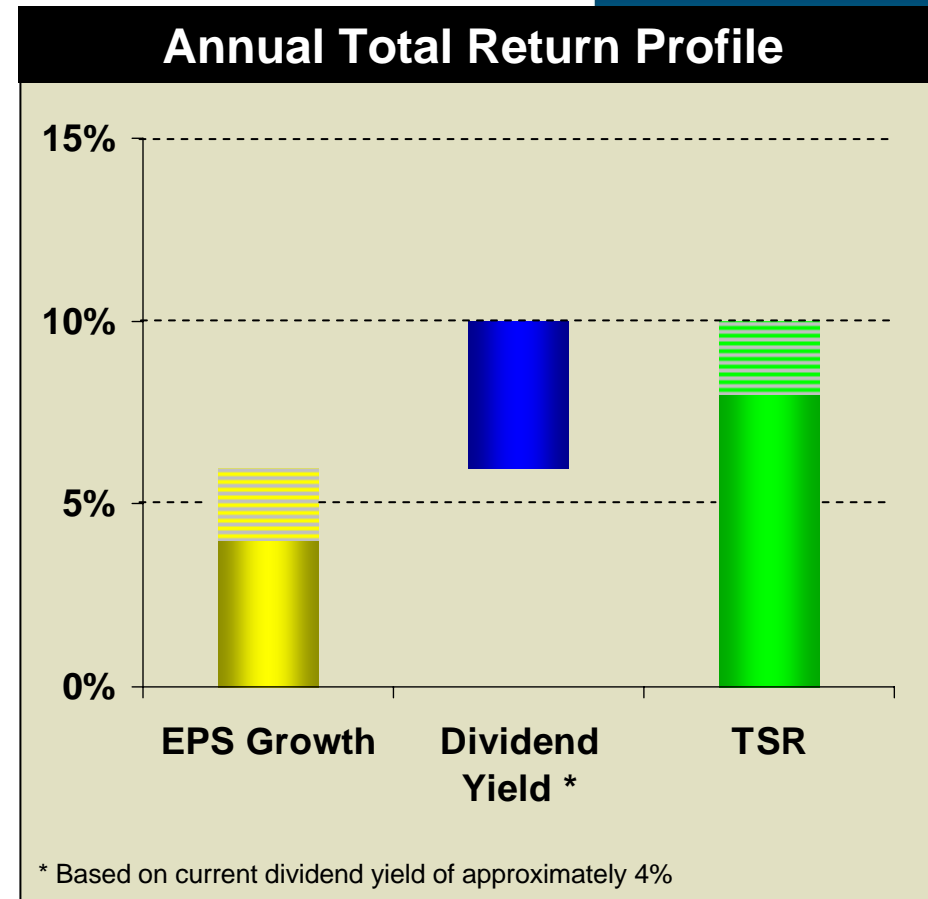


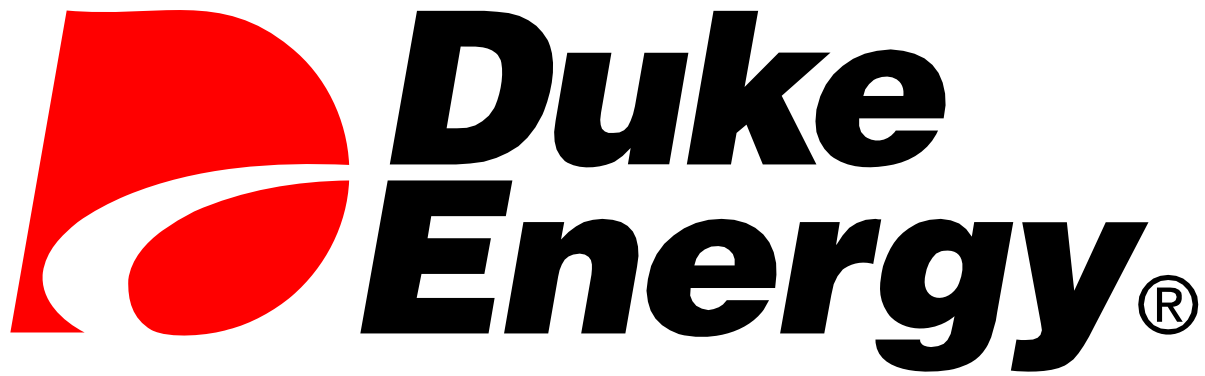
Sources: U.S. Department of Labor, Bureau of Labor Statistics, U.S. Department of Energy, Energy Information Administration (EIA) and Edison Electric Institute

Value Proposition



- Growth
 - Sales growth
 - Cost reductions
 - Return on capital investments
- Value
 - 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





Duke Energy Corporation
Non-GAAP Reconciliations
First Quarter 2007 Earnings Review
May 8, 2007

Ongoing Diluted Earnings per Share (“EPS”)

The slides and prepared remarks for Duke Energy Corporation’s (“Duke Energy”) First Quarter 2007 Earnings Review include a discussion of ongoing diluted EPS for the quarters ended March 31, 2007 and 2006. 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.

Ongoing Segment and Other EBIT

The slides and prepared remarks for Duke Energy’s First Quarter 2007 Earnings Review include a discussion of ongoing segment and Other EBIT for certain periods. Ongoing segment and Other EBIT are non-GAAP financial measures as they represent reported segment and Other 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 measures for ongoing segment and Other EBIT are reported segment and Other EBIT, which represent EBIT from continuing operations, including any special items. 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.

2007 Employee EPS Incentive Target Measure

The slides and prepared remarks for Duke Energy’s First Quarter 2007 Earnings Review include a reference 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. 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 Diluted EPS Growth Rates through 2009

The slides and prepared remarks for Duke Energy's First Quarter 2007 Earnings Review include a discussion of the expected range of growth in ongoing diluted EPS through 2009. These 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 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.

DUKE ENERGY CORPORATION
ONGOING TO REPORTED EARNINGS RECONCILIATION
March 2006 Year-to-date
(Dollars in millions, except per-share amounts)

	<u>Special Items (Note 1)</u>				Reported Earnings
	Ongoing Earnings	Costs to Achieve, Cinergy Merger	Discontinued Operations	Total Adjustments	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS					
U.S. Franchised Electric and Gas	\$ 359	\$ -	\$ -	\$ -	\$ 359
Commercial Power	(26)	-	-	-	(26)
International Energy	86	-	-	-	86
Crescent	42	-	-	-	42
Total reportable segment EBIT	461	-	-	-	461
Other	(49)	(5) ^A	-	(5)	(54)
Total reportable segment EBIT and other EBIT	\$ 412	\$ (5)	\$ -	\$ (5)	\$ 407
Interest Expense	(103)	-	-	-	(103)
Interest Income and Other	7	-	-	-	7
Income Taxes from Continuing Operations	(110)	2	-	2	(108)
Discontinued Operations, net of taxes	-	-	155 ^{B,C}	155	155
Net Income	\$ 206	\$ (3)	\$ 155	\$ 152	\$ 358
EARNINGS PER SHARE, BASIC					
	\$ 0.22	\$ -	\$ 0.17	\$ 0.17	\$ 0.39
EARNINGS PER SHARE, DILUTED					
	\$ 0.21	\$ -	\$ 0.16	\$ 0.16	\$ 0.37

Note 1 - Amounts for special items are presented net of any related minority interest

A - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

B - Excludes Crescent discontinued operations.

C - Primarily amounts reclassified to discontinued operations due to the January 2007 spin-off of Spectra Energy, net of amounts for DENA. Recorded in Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	928
Diluted	963

DUKE ENERGY CORPORATION
ONGOING TO REPORTED EARNINGS RECONCILIATION
March 2007 Year-to-date
(Dollars in millions, except per-share amounts)

	<u>Special Items (Note 1)</u>					Reported Earnings
	Ongoing Earnings	Convertible Debt Costs, Gas Spin-off	Costs to Achieve, Cinergy Merger	Discontinued Operations	Total Adjustments	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS						
U.S. Franchised Electric & Gas	\$ 574	\$ -	\$ -	\$ -	\$ -	\$ 574
Commercial Power	(9)	-	-	-	-	(9)
International Energy	94	-	-	-	-	94
Crescent	2	-	-	-	-	2
Total reportable segment EBIT	<u>661</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>661</u>
Other	(52)	(21) C	(11) A	-	(32)	(84)
Total reportable segment EBIT and other EBIT	\$ 609	\$ (21)	\$ (11)	\$ -	\$ (32)	\$ 577
Interest Expense	(164)	-	-	-	-	(164)
Interest Income and Other	41	-	-	-	-	41
Income Taxes from Continuing Operations	(109)	-	4	-	4	(105)
Discontinued Operations, net of taxes	-	-	-	8 B	8	8
Total Earnings for Common	\$ 377	\$ (21)	\$ (7)	\$ 8	\$ (20)	\$ 357
EARNINGS PER SHARE, BASIC	\$ 0.30	\$ (0.02)	\$ (0.01)	\$ 0.01	\$ (0.02)	\$ 0.28
EARNINGS PER SHARE, DILUTED	\$ 0.30	\$ (0.02)	\$ (0.01)	\$ 0.01	\$ (0.02)	\$ 0.28

Note 1 - Amounts for special items are presented net of any related minority interest.

A - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

B - Recorded in Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

C - Recorded in Other income and expenses, net (Other Income and Expenses) on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,257
Diluted	1,268

Duke Energy Corporation
Net Cash Balance Reconciliation
As of March 31, 2007
(Dollars in millions)

Cash and Cash Equivalents	\$570	
Short-Term Investments	<u>1,256</u>	
Subtotal	1,826	
Short-term Commercial Paper Outstanding	<u>(424)</u>	
Net Cash Balance	<u><u>\$1,402</u></u>	(Approximately \$1.4 billion)

Note:

The net cash balance presented is a non-GAAP financial measure as it represents the net presentation of cash and cash equivalents, short-term investments and outstanding commercial paper balances. The most directly comparable GAAP financial measure for net cash is cash and cash equivalents.

Duke Energy Corporation
First Quarter 2006 Combined Duke Energy and Cinergy Ongoing Results
(in millions, except conversion ratio and per share amounts)

	Q1 2006				Total Ongoing
	Reported	Cinergy Special Items	Ongoing (a)	Duke Energy Ongoing (b)	
Segment EBIT:					
U.S. Franchised Electric & Gas	\$167		\$167	\$359	\$526
Commercial Power	\$120		\$120	(\$26)	\$94
International Energy	\$1		\$1	\$86	\$87
Crescent	\$0		\$0	\$42	\$42
Total Segment EBIT	\$288		\$288	\$461	\$749
Other	(\$128)	\$60 (c)	(\$68)	(\$49)	(\$117)
Total Segment EBIT and Other EBIT	\$160		\$220	\$412	\$632
Interest Expense	(\$84)		(\$84)	(\$103)	(\$187)
Interest Income and Other	\$19		\$19	\$7	\$26
Income Taxes from Continuing Operations	(\$17)	(\$23) (d)	(\$40)	(\$110)	(\$150)
Income from Continuing Operations	\$78	\$37	\$115	\$206	\$321
Weighted Average Shares Outstanding - Diluted:					
Average as reported by Cinergy	201		201		
Merger Conversion Ratio	1.56		1.56		
Duke Energy Equivalent	314		314	963	1,277
Earnings Per Share (EPS) - Diluted:					
Based on Cinergy Shares	\$0.39		\$0.57		
Duke Energy Equivalent	\$0.25		\$0.37	\$0.21	\$0.25

Basis of Presentation

On April 3, 2006, Duke Energy Corporation (Duke Energy) merged with Cinergy Corp. (Cinergy). Each outstanding share of Cinergy common stock was converted into 1.56 shares of Duke Energy common stock, resulting in the issuance of approximately 313 million shares. As Duke Energy's results for first quarter 2007 include the results of the Cinergy operations, but its results for the first quarter of 2006 exclude Cinergy's operations, this presentation is intended to provide a measure of comparability by calculating combined ongoing diluted EPS for Duke Energy and Cinergy for the first quarter of 2006.

The earnings measures used in this schedule are ongoing segment and Other EBIT and ongoing diluted EPS. EBIT for segment and Other reporting purposes represents all profits from continuing operations (both operating and nonoperating), including any equity in earnings of unconsolidated affiliates, before deducting interest and taxes, and is net of minority interest expense related to those profits. Ongoing segment and Other EBIT are non-GAAP financial measures as they represent reported segment and Other 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 measures for ongoing segment and Other EBIT are reported segment and Other EBIT, which represent EBIT from continuing operations, including any special items. Ongoing diluted EPS is a non-GAAP financial measure as it represents reported diluted EPS from continuing operations, adjusted for the per-share impact of special items.

This presentation is not intended to portray pro forma financial information pursuant to either the Securities and Exchange Commission's Regulation S-X Article 11, "Pro Forma Financial Information," or the pro forma disclosure requirements of SFAS No. 141, "Business Combinations." This presentation does not reflect any pro forma adjustments that might be required by either Article 11 of Regulation S-X or SFAS No. 141, including any pro forma adjustments for the Cinergy first quarter 2006 amounts to reflect the impacts of purchase accounting.

Notes

- (a) Cinergy ongoing amounts do not reflect any pro forma adjustments for purchase accounting.
- (b) See the accompanying "Ongoing to Reported Earnings Reconciliation" schedule for reconciliation of the Duke Energy ongoing to reported amounts.
- (c) Represents merger and severance costs.
- (d) Represents the income tax effect of the special items discussed at note (c).