

First Quarter Earnings Review

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Jim Rogers
Chairman, President and Chief Executive Officer

David Hauser
Group Executive and 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 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	Renewable Energy RFP
<ul style="list-style-type: none">▪ Filed with Indiana Commission in April<ul style="list-style-type: none">▪ \$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	<ul style="list-style-type: none">▪ Seeking bids in North Carolina for renewable energy<ul style="list-style-type: none">▪ 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.)

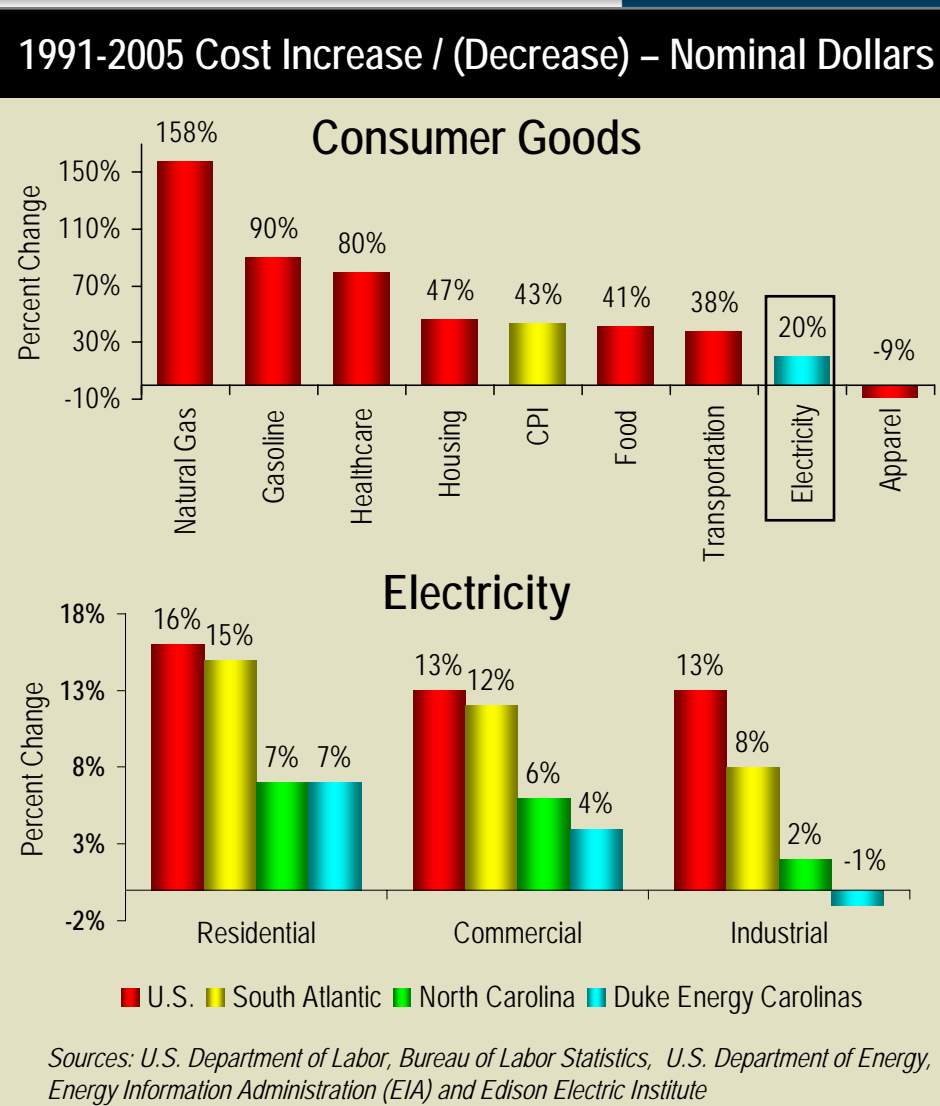


Ohio Regulatory	New Source Review
<ul style="list-style-type: none">▪ 1,500 MW currently needed▪ RSP expires in 2008▪ Amending proposal to extend RSP<ul style="list-style-type: none">▪ 5 – 10 years▪ Authority to buy or build generation▪ New legislation may be needed	<ul style="list-style-type: none">▪ 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



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

