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FOURTH QUARTER EARNINGS REVIEW AND 2008 OUTLOOK

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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.

2007 EARNINGS SUMMARY

	4Q07	4Q06	2007	2006
Reported Diluted EPS	\$ 0.21	\$ 0.31	\$ 1.21	\$ 1.57
Special Items	-	0.08	0.03	0.08
Discontinued Operations	0.06	(0.16)	0.01	(0.66)
Ongoing Diluted EPS	\$ 0.27	\$ 0.23	\$1.25	\$0.99

Increase in annual ongoing earnings due to:

- Full year of former Cinergy companies in 2007 compared to nine months in 2006
- Improved results at three largest business units
 - U.S. Franchised Electric & Gas: Favorable weather and increased wholesale volumes
 - Commercial Power: Favorable timing of recovery of fuel and purchased power and improvement of the Midwest gas-fired assets
 - Duke Energy International (DEI): Favorable pricing in Latin America

2008 ONGOING EBIT EXPECTATIONS

<i>(\$ millions)</i>	
U.S. Franchised Electric & Gas	\$ 2,420
Commercial Power	385
Duke Energy International	380
Crescent Resources ¹	75
Total Ongoing Segment EBIT	<u>\$ 3,260</u>
Other (Net Expense)	<u>(265)</u>
Total Ongoing Segment EBIT and Other	<u>\$ 2,995</u>

EARNINGS PER SHARE EMPLOYEE INCENTIVE:

- Target of \$1.27, based on ongoing diluted earnings per share
- \$1.20 minimum threshold – \$1.35 maximum

(1) *Proportionate share of equity earnings*

2007 HIGHLIGHTS – U.S. FRANCHISED ELECTRIC & GAS

Reported & Ongoing Segment EBIT				
<i>(\$ millions)</i>	4Q07	4Q06	2007	2006
Reported Segment EBIT	\$ 519	\$ 423	\$ 2,305	\$ 1,811
Special Items	-	-	-	-
Ongoing Segment EBIT	\$ 519	\$ 423	\$ 2,305	\$1,811

FOR THE QUARTER

- Improvement primarily driven by completion of merger-related rate reductions, lower Clean Air amortization, retail rate increase (Midwest), favorable weather and increased wholesale volumes
- Partially offset by increased O&M and \$17 million write-off related to GridSouth development costs
- BPM was approximately \$32 million net of sharing

FOR THE YEAR

- Benefited from the inclusion of a full year of Cinergy in 2007 compared to nine months in 2006, favorable weather and increased wholesale volumes
- Partially offset by higher O&M costs
- BPM was approximately \$108 million net of sharing

2007 HIGHLIGHTS – COMMERCIAL POWER

Reported & Ongoing Segment EBIT				
<i>(\$ millions)</i>	4Q07	4Q06	2007	2006
Reported Segment EBIT	\$ 38	\$ (19)	\$ 278	\$ 47
Special Items	-	-	-	-
Ongoing Segment EBIT	\$ 38	\$ (19)	\$ 278	\$ 47

FOR THE QUARTER

- Improved earnings due primarily to a reduction in net purchase accounting charges, favorable timing of fuel and purchased power recovery and net mark-to-market gains
- Partially offset by higher O&M costs
- Midwest gas-fired assets continue improvement

FOR THE YEAR

- Increase in earnings due primarily to favorable timing of fuel and purchased power recovery, improved mark-to-market results, the inclusion of a full year of Cinergy in '07 compared to nine months in '06 and improved results of Midwest gas-fired assets
 - Midwest gas-fired assets recognized \$14 million EBIT loss for 2007
- Partially offset by higher O&M costs
- Net mark-to-market gains of \$13 million for both the quarter and the year in 2007

2007 HIGHLIGHTS – DEI

Reported & Ongoing Segment EBIT				
<i>(\$ millions)</i>	4Q07	4Q06	2007	2006
Reported Segment EBIT	\$ 105	\$ (15)	\$ 388	\$ 163
Special Items	-	95	-	150
Ongoing Segment EBIT	\$ 105	\$ 80	\$ 388	\$ 313

FOR THE QUARTER

- Ongoing segment EBIT increased due primarily to higher margins at National Methanol
- Partially offset by less favorable hydrology in Argentina

FOR THE YEAR

- Increase in ongoing results primarily due to higher margins at National Methanol, improved results in Peru due to higher margins from increased spot prices and improved results in Brazil due to higher average sales prices
- Partially offset by unfavorable hydrology in Argentina

2007 HIGHLIGHTS – CRESCENT RESOURCES

Reported & Ongoing Segment EBIT				
<i>(\$ millions)</i>	4Q07	4Q06	2007	2006
Reported Segment EBIT	\$ 32	\$ 17	\$ 61	\$ 532
Special Items	-	-	-	(246)
Ongoing Segment EBIT	\$ 32	\$ 17	\$ 61	\$ 286

FOR THE QUARTER

- Higher results due largely to increased legacy land sales and a gain on the sale of Piedmont Town Center in Charlotte, N.C.
- Partially offset by impairment losses on certain residential developments

FOR THE YEAR

- 2007 results reflect Duke's effective 50% ownership; lower earnings also due to lower developed lot and land sales, and impairment losses on certain residential developments

2007 HIGHLIGHTS – OTHER

Reported & Ongoing Net Expense				
<i>(\$ millions)</i>	4Q07	4Q06	2007	2006
Reported Net Expense	\$ 83	\$ 182	\$ 277	\$ 537
Special Items	9	(96)	(42)	(193)
Ongoing Net Expense	\$ 92	\$ 86	\$ 235	\$ 344

FOR THE QUARTER

- 4Q07 ongoing results were essentially flat compared to 4Q06

FOR THE YEAR

- Improvements in ongoing amounts due primarily to lower captive insurance and governance costs

2007 HIGHLIGHTS – OTHER ITEMS

- Net cash balance of approximately \$400 million as of 12/31/07
 - ~\$1.1 billion of cash, cash equivalents and short-term investments
 - Net of ~\$700 million in short-term commercial paper
- 2007 interest expense was \$685 million compared to \$632 million for 2006
 - Increase primarily due to the inclusion of a full year of interest expense in 2007 associated with debt of the former Cinergy companies compared to only nine months in 2006
- 2007 effective tax rate of 32% compared to 29% in 2006
 - Increase in 2007 was primarily due to prior year favorable tax settlements, tax benefits related to the impairment of the investment in Bolivia, and the reversal of previously recognized taxes related to dividends on foreign operations
- 2007 results for synfuel operations are included in discontinued operations
 - Net income of approximately \$0.02 per share

2008 FINANCIAL ASSUMPTIONS

- U.S. FE&G key assumptions
 - Normal weather
 - Includes impact of North Carolina rate order
 - Rate reduction effective 1/1/2008 net of one-year rider for shareholders' portion of merger savings
 - Clean Air amortization ended
- Effective tax rate of 33% in 2008
- Interest expense expected to be approximately \$700 million
- Plan reflects quarterly dividend increase of one cent/share beginning in third quarter 2008

2008 CAPITAL EXPENDITURES

(\$ millions)

U.S. Franchised Electric & Gas	
System Growth	\$ 1,725
Environmental	475
Nuclear Fuel	250
Maintenance and Other	1,450
Total U.S. Franchised Electric & Gas	3,900
Commercial Businesses	
Wind	350
International, primarily expansion	350
Environmental ¹	125
Maintenance and Other ¹	175
Total Commercial Businesses	1,000
Corporate and Other	200
Total Capital Expenditures	\$ 5,100

(1) Primarily Midwest generation

2008 CASH FLOWS

(\$ millions)

Primary Sources

Net income	\$ 1,600
Depreciation & amortization	1,800
Total Sources	\$ 3,400

Primary Uses

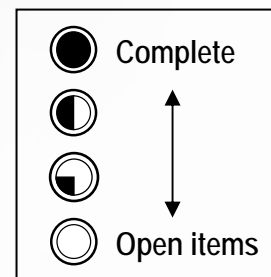
Capital and investment expenditures	\$ (5,100)
Dividends	(1,150)
Other sources/(uses), net	(250)
Total Uses	\$ (6,500)

Net Cash, Short-term Investments Used and Debt Financings	\$ 3,100
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Note: Illustrative net income based on 2008 employee incentive target of \$1.27 in ongoing diluted earnings per share

RESOLVING REGULATORY UNCERTAINTY

Activity	Comments	Status
N.C. energy legislation	<ul style="list-style-type: none"> Passed 	
S.C. energy legislation	<ul style="list-style-type: none"> Passed 	
N.C. rate case	<ul style="list-style-type: none"> Settled 	
Ohio RSP	<ul style="list-style-type: none"> Remand order received 	
IGCC	<ul style="list-style-type: none"> Received CPCN and air permit 	
Cliffside	<ul style="list-style-type: none"> Received CPCN and air permit 	
Ohio energy legislation	<ul style="list-style-type: none"> Working to achieve legislation by early 2008 	
N.C. gas-fired generation	<ul style="list-style-type: none"> Filed application for CPCNs 	
Nuclear	<ul style="list-style-type: none"> COL filed; CPCN application to be filed 	
Energy Efficiency	<ul style="list-style-type: none"> Filed in S.C., N.C. and Ind. 	



INTERNAL SCORECARD

Operational			
	<u>Current</u>	<u>Target</u>	<u>Status</u>
<u>Generation</u>			
Nuclear Capacity Factor	92.36%	92.43%	●
FE&G Fossil Commercial Availability	87.03%	86.96%	●
<u>Reliability</u>			
Power Delivery			
System Average Interruption Duration Index (SAIDI) ¹	133	160	●
System Average Interruption Frequency (SAIFI) ²	1.13	1.30	●
Gas Delivery			
Gas Frequency/1000 customers = <i>Number of gas outages/1000 customers</i>	0.045	0.034	●
<u>Safety</u>			
<i>(Total Incident Case Rate) = # Recordable Incidents x 200,000 / Hours Worked</i>			
FE&G Non-Nuclear	2.14	2.44	●
Nuclear	0.28	0.48	●
Customer Satisfaction			
	Current	Target	Status
<i>Overall satisfaction = aggregate of residential/business large business surveys</i>	80.0%	76.0%	●

1. Average number of outage minutes experienced during the year per customer served from both the distribution and transmission systems. Measured in a rolling 12 month average. Goal is industry top quartile.
2. Average number of sustained outages (greater than five minutes in duration) experienced during the year per customer served. Measured in a rolling 12 month average. Goal is industry top quartile.

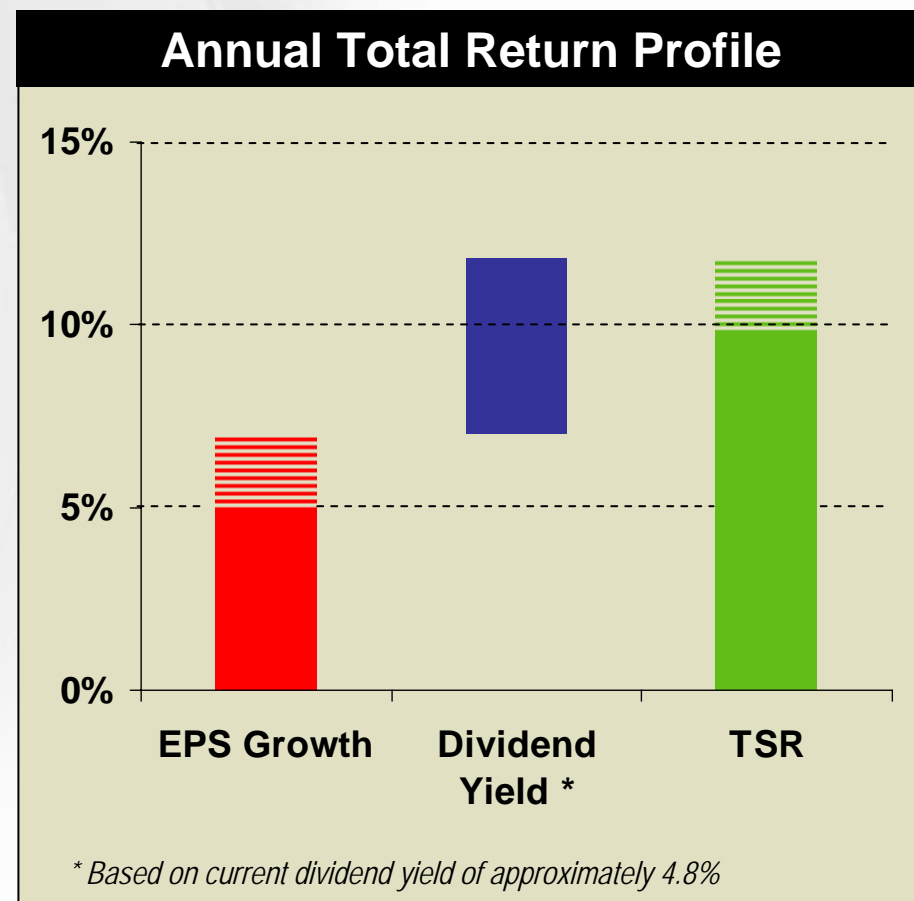
● On Target ● Off Target

FOCUS FOR 2008

- Asset modernization
- Proactive regulatory and legislative strategy
- Focus on operations and costs

VALUE PROPOSITION

- Proactive regulatory strategy
- 5% to 7% CAGR in ongoing diluted EPS through 2012
- Annual dividend growth
- No anticipated equity offerings through 2012 excluding internal plans (e.g., dividend reinvestment plan "DRIP")
- Strong balance sheet provides flexibility





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