



Positioning for the Future

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Chairman and
Chief Executive Officer



Principal Strategy: Diversification

- Duke Energy's business model is balanced to manage through expected market cycles
 - Strong, diverse energy asset base
 - Blend of regulated and unregulated businesses
 - Positioned for future energy market expansion
- Long-term demand growth for power and natural gas will spur the need for new and more efficient energy infrastructure



Reduce Risks and Restructure for Future Success



Challenges

Actions

Pace of economic recovery

- Focus on positive net cash flow
- Invest in our strongest businesses

Demand/supply imbalance

- Size our businesses to market realities
- Strengthen relationships with customers

Regulatory uncertainty,
investigations and litigation

- Address merchant energy issues
- Reduce regulatory and legal risk and uncertainty

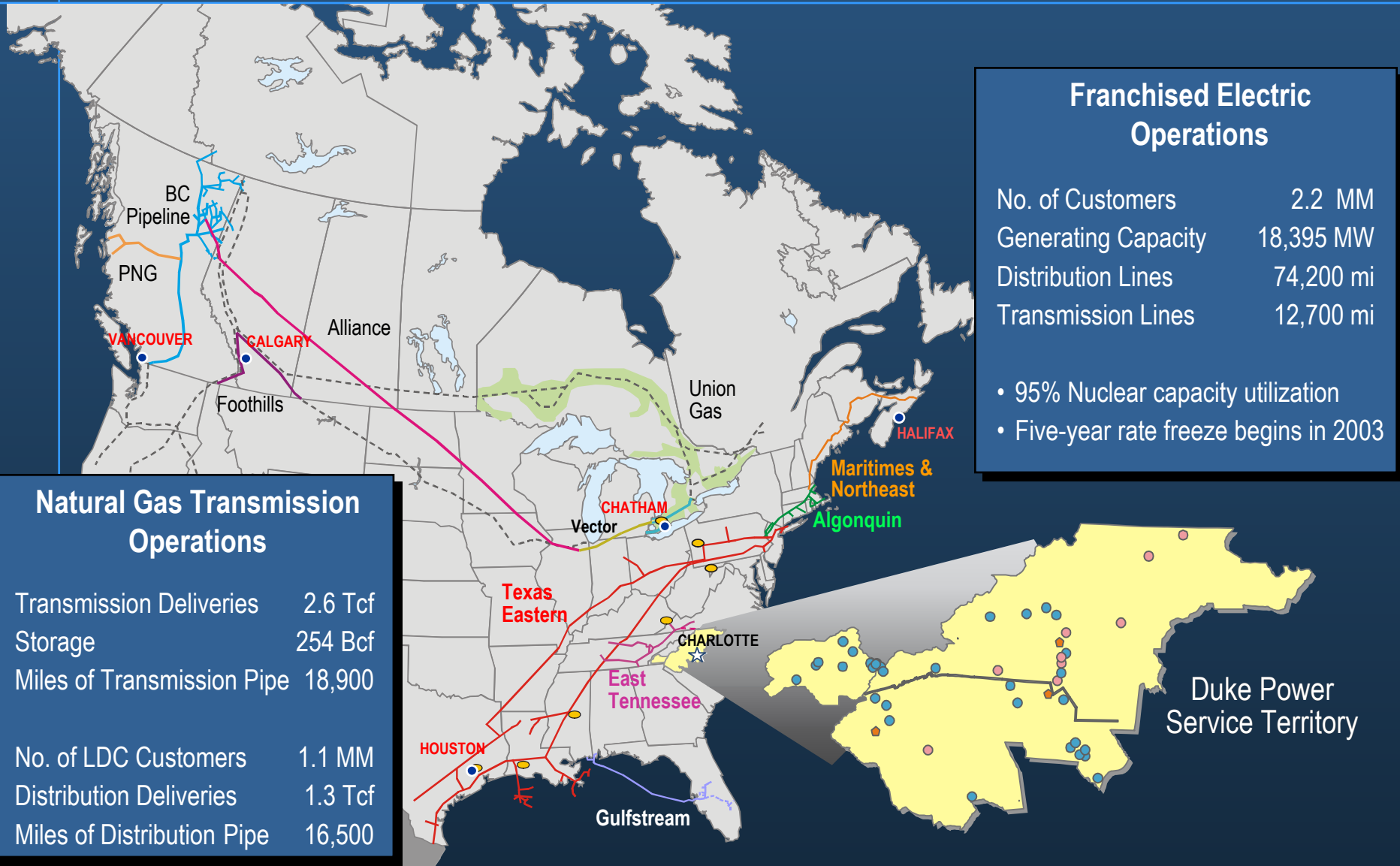
2003 Earnings Guidance

- Earnings expectations: \$1.35 to \$1.60 per share
 - Regulated businesses – Franchised Electric and Natural Gas Transmission – will contribute approximately 80% of EBIT, or \$2.8 billion
- Reduced capital expenditures by more than half to \$3.2 billion
- Financial plan fully supports current dividend

Cash Flow Considerations

	Expected 2003	2004	2005
Cap Ex	\$3.2 billion	\$1.8 billion maintenance capex, lower discretionary capex	
Total Debt	\$22 billion	Mandatory conversion of \$1.6 billion from debt to common equity in 2004	
Cash Flow	Positive	Continued improvement supported by regulated ops, capex and debt reduction	
Asset Sales	\$1.1 billion	Ongoing Crescent property sales and non-core asset sales	

Regulated Operations: Franchised Electric and Natural Gas Transmission



Franchised Electric Operations

No. of Customers	2.2 MM
Generating Capacity	18,395 MW
Distribution Lines	74,200 mi
Transmission Lines	12,700 mi

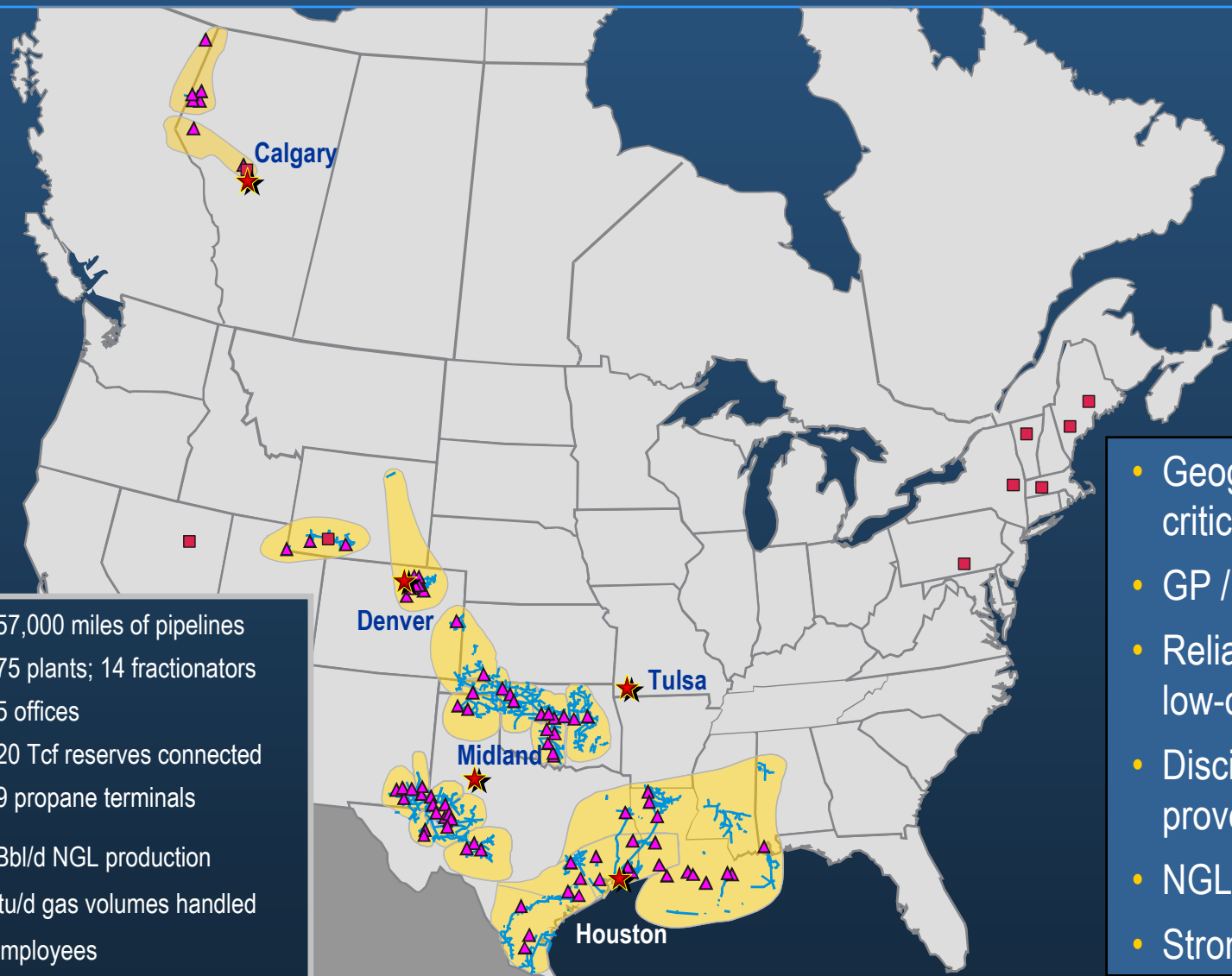
- 95% Nuclear capacity utilization
- Five-year rate freeze begins in 2003

Natural Gas Transmission Operations

Transmission Deliveries	2.6 Tcf
Storage	254 Bcf
Miles of Transmission Pipe	18,900
No. of LDC Customers	1.1 MM
Distribution Deliveries	1.3 Tcf
Miles of Distribution Pipe	16,500

Duke Power Service Territory

Field Services



Competitive Advantages

- Geographic diversity, critical mass
- GP / MLP advantage
- Reliable, efficient low-cost operator
- Disciplined acquirer, proven integrator
- NGL value chain
- Strong cash flow

- 57,000 miles of pipelines
- ▲ 75 plants; 14 fractionators
- ★ 5 offices
- 20 Tcf reserves connected
- 9 propane terminals

389 MBbl/d NGL production
 8.4 TBtu/d gas volumes handled
 2700 employees

Duke Energy North America

Marketing:

Gas Marketed
16.8 TBtu/d

Power Marketed
546,245 GWh

Power Generation:

Operational
14,200 MW

Active Construction
1,860 MW

Gas Transportation:

4.5 Bcf/d

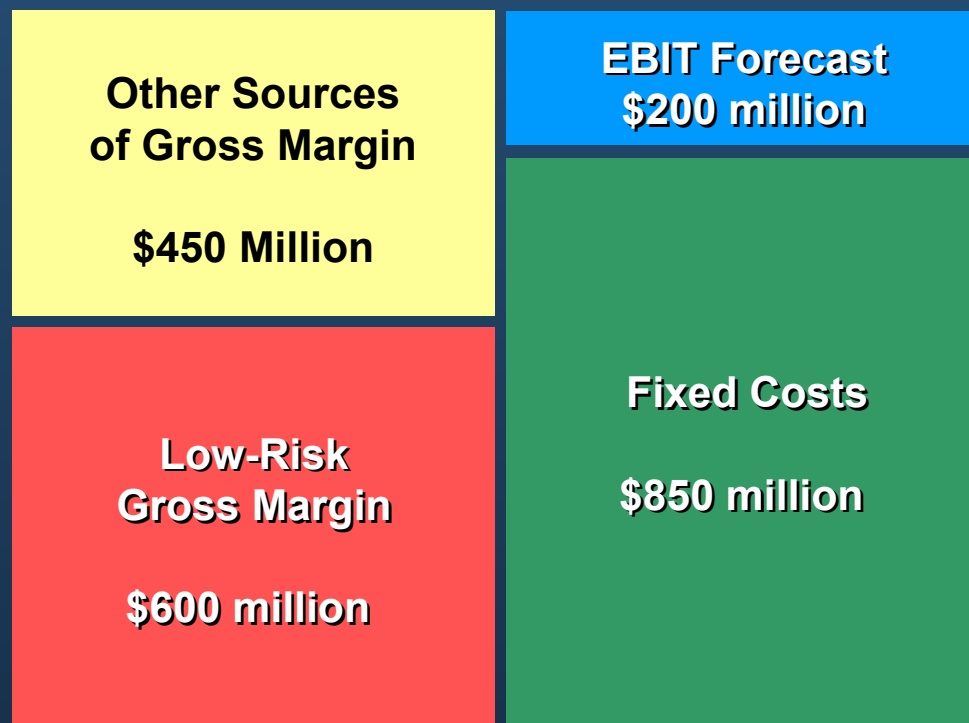
Gas Storage:

100 Bcf



Duke Energy North America

- Un-hedged generation sales
- Optimization of generation portfolio
- Gas transportation and storage
- Proprietary trading



- Ancillary services
- Must-run revenues
- Hedged generation sales

- Depreciation
- General & admin costs
- Operations & maintenance

International Energy

Latin America

Pipelines 125 miles

Power 4,497 MW

Asia Pacific

Pipelines 2,201 miles

Power 1,096 MW

Europe

Gas Trading and Marketing

Power 103 MW



● Asset Positions

■ Office Locations

Why DUK?

- Diversified energy portfolio of assets
- Strong competitive position
- Long-term need for energy
- Management commitment and proactive approach
- Strong liquidity and balance sheet; commitment to positive cash flow
- Solid dividend return
- Current market value based on regulated operations –
Franchised Electric and Gas Transmission
- “Free” option on merchant energy business

