



Make



UBS Warburg Global Utility Conference
~~Where to Spend It?~~
Global Opportunities

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Duke Energy Global Markets

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It depends...

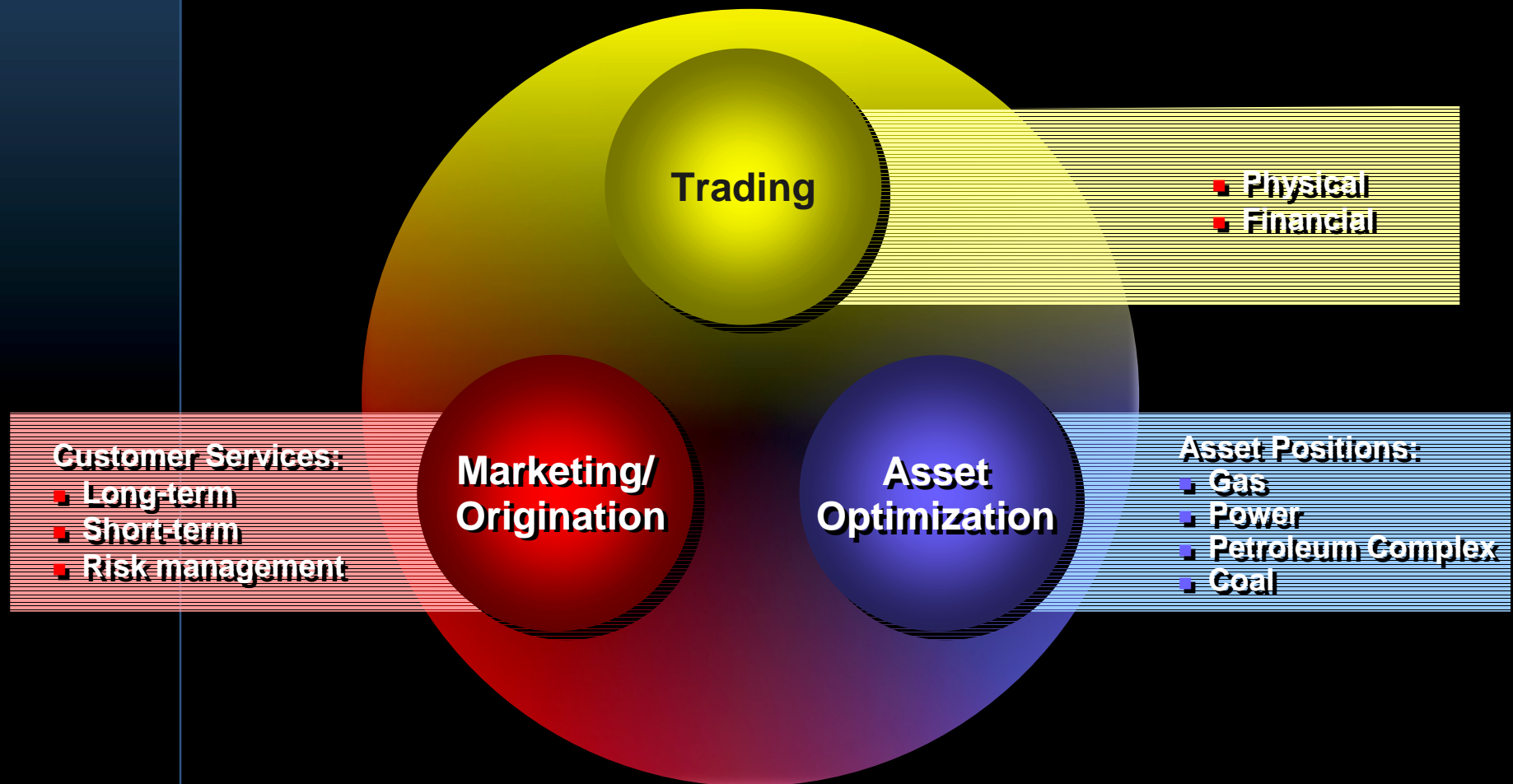


...goals ?

...strategy ?

...skills ?

Duke Energy Business Model



Our Business Model: It's About The Basics

- Corporate governance
 - ◆ Checks and balances
 - ◆ Accountability
- Measured, disciplined growth plan
- Build the team to carry out that plan
 - ◆ Incent behaviors that increase shareholder value & future growth
- Evaluate results with fundamental metrics

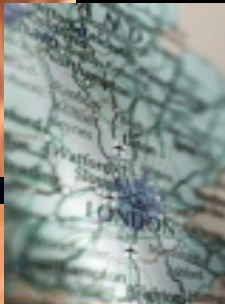
Our Business Model: Global Opportunity

The Strategy

- ◆ Integrate regional asset and trading positions
- ◆ Fuel-power convergence

The Global Opportunity

- ◆ Deregulating energy markets
 - Liberalization
 - Privatization
 - Commoditization



Screening Criteria: Where to *Make* It?



Market Selection

- Size
- Market fundamentals
- Regulatory context
- Energy grid interconnectivity potential
- Political risk
- Competitive landscape
- Convergence potential
- Potential for energy trading & marketing/origination

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Investment Selection

- Price
- Opportunity
- Competitive advantage
- Profitability
- Shareholder value / return
- Strategic fit
- Portfolio enhancement

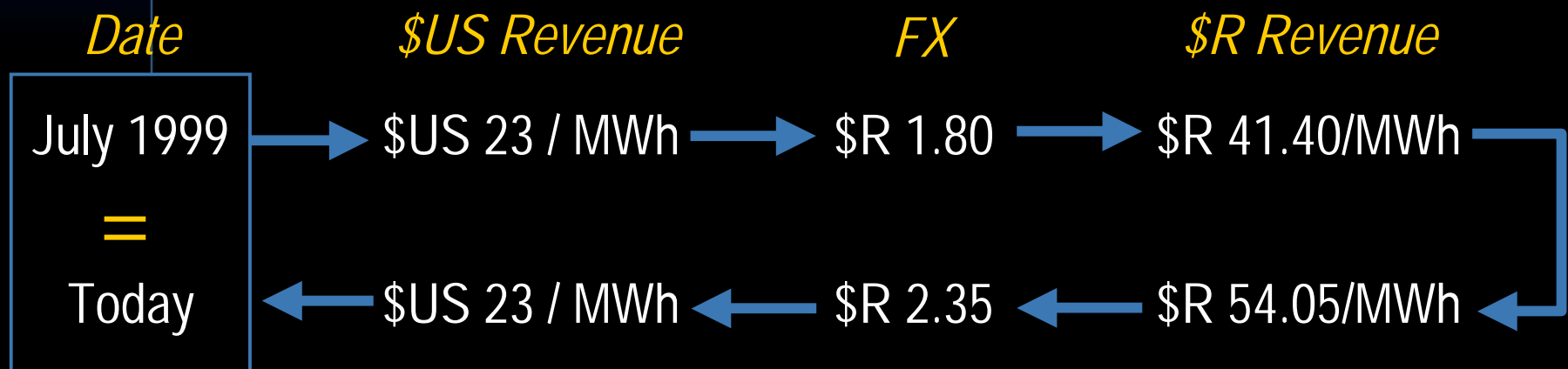
Why Brazil Works for Duke Energy

- Adherence to Duke Energy's merchant strategy
 - ◆ We aren't in retail distribution, we are generators / traders / marketers
 - ◆ Long generation in a short market
- Integrated portfolio approach, part of larger Duke Energy diversified portfolio
- Opportunity to leverage Duke Energy's full commercial capabilities
 - ◆ Currently unregulated commercialization market
 - ◆ Full deregulation begins in 2003 with Initial Contract roll-offs
- Solid government relationships
 - ◆ Annex V resolution / market direction & reform

Why Brazil Works for Duke Energy

- Manageable FX / inflation exposure
 - ◆ \$R denominate debt provides natural hedge
 - ◆ Initial contracts have an inflation adjuster

For Example:



Global Markets Synergies

Duke Energy International

- Regionally-priced commodities: gas & power
- Commodities & assets
- Energy-related



Duke Energy Merchants

- Globally-priced commodities: petroleum complex & coal
- Commodities & assets
- Energy-related



What's the next big thing?



Applying the Basics

Duke Energy...

- Applies disciplined strategy
 - ◆ Majority ownership = on-balance sheet debt
- Builds a diversified portfolio
 - ◆ Fuel, power
 - ◆ Geographic
- Maintains financial strength & transparency
 - ◆ Liquidity - funding for growth
- Manages risk
- Sustains delivery of long-term earnings growth
 - ◆ Maximize revenues & minimize costs

we generate what's next sm

