

Proven History. Strong Future.



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Chairman and Chief Executive Officer

Deutsche Bank
8th Annual Electric Power Conference

June 11, 2003

Disclosures

Safe Harbor Statement

Under the Private Securities Litigation Act of 1995

This document contains forward looking information which is subject to risks and uncertainties, including, but not limited to, changes in the utility regulatory environment, the impact of competition from other energy suppliers, industrial, commercial and residential growth in the Company's service territory, the results of financing efforts, the effect of the Company's accounting policies, growth in opportunities for the Company's subsidiaries and diversified operations, and other risks described in the Company's Securities and Exchange Commission filings.

SEC Regulation G

Reconciliation of Non-GAAP Financial Measures

This presentation includes a discussion of DENA's forward-looking low-risk gross margin variances for the last nine-months of 2003 on slide 6. The presentation of forward-looking low-risk gross margin represents a non-GAAP financial measure as defined under SEC rules. The most directly comparable forward-looking GAAP measure is DENA segment earnings before interest and taxes (EBIT) for the last nine-months of 2003, which represents DENA gross margin reduced by operations and maintenance expenses, general and administrative expenses and depreciation and amortization. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile such non-GAAP financial measure to the most directly comparable GAAP measure is not available for any of the scenarios presented without an unreasonable effort.

Also included in the accompanying remarks is a discussion concerning DENA's gross margin for 2004. The \$400 million of 2004 currently hedged gross margin represents a non-GAAP financial measure as defined under SEC rules. The most directly comparable GAAP measure is DENA segment earnings before interest and taxes (EBIT) for 2004, which represents DENA gross margin reduced by operations and maintenance expenses, general and administrative expenses and depreciation and amortization. Later this year, after Duke Energy has completed its budget process, DENA will be able to provide a more detailed estimate of its total gross margin and its corresponding expense and EBIT expectations for 2004.

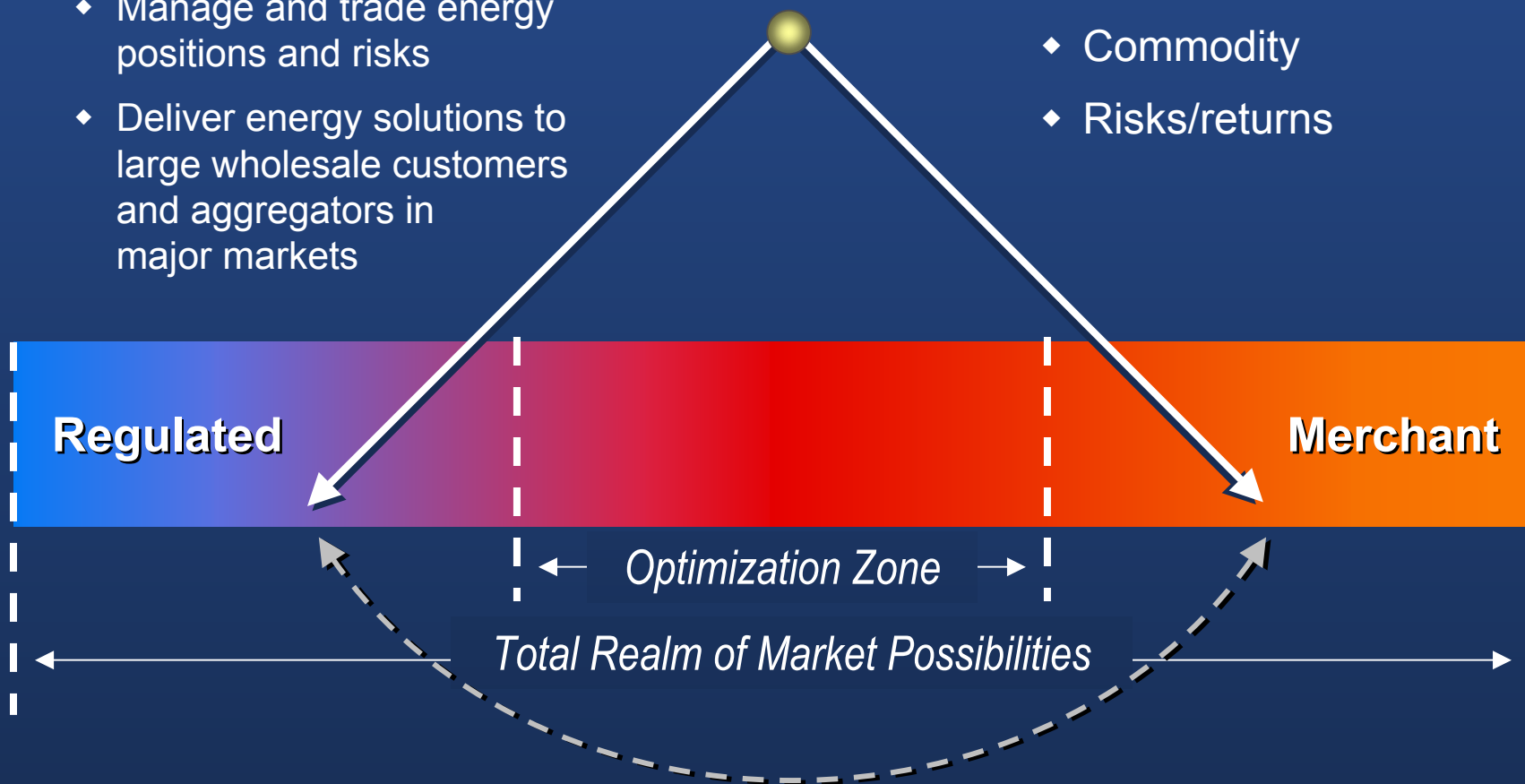
Balanced Strategy and Business Model

Duke Energy's Strategy

- ◆ Actively manage a multi-national portfolio of strategic energy assets
- ◆ Manage and trade energy positions and risks
- ◆ Deliver energy solutions to large wholesale customers and aggregators in major markets

Balanced Business Model

- ◆ Assets/trading
- ◆ Location
- ◆ Commodity
- ◆ Risks/returns



Earnings Guidance

2003 EPS: \$1.35 - \$1.60 earnings per share

Excludes 1Q03 charge of 18¢ related to the cumulative effect of change in accounting principles related to the implementation of EITF 02-03 and the adoption of FAS 143

2003 Segment Earnings Before Interest and Taxes*

| | |
|---------------------------|----------------------|
| Franchised Electric | \$1.6 billion |
| Gas Transmission | \$1.2 billion |
| International Energy | \$250 million |
| Field Services | \$200 million |
| Duke Energy North America | \$200 million |
| Interest Expense | \$1.3 billion |

* Excludes impact of asset sales and divestitures

Financial Flexibility

- Reducing capital expenditures to \$3 billion in 2003
- Selling approximately \$1.5 billion in non-strategic assets this year; \$1.3 billion already announced or closed
- Reducing balance sheet leverage by approximately \$1.8 billion in 2003; by \$5.5 billion over next three years
- Downstreamed \$900 million to Duke Capital in 2003; expect another \$1 billion next year
- Annual dividend of \$1.10 per share is fully supported by business plan

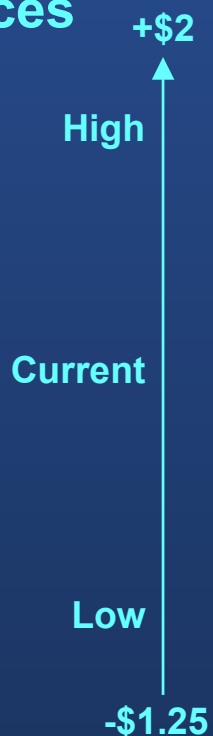
DENA Stress Test – Changes in Gross Margin (Apr – Dec 2003)



(\$ in millions)

Low-Risk Gross Margin Variance April – December 2003 (1)

Gas Prices



| | | |
|-------|----------------|------------|
| 7 | 8 | 9 |
| \$270 | \$95 | \$(30) |
| 4 | 5 Base Case | 6 \$270 |
| 1 | 2 | 3 |
| \$20 | \$140 | \$650 |



Power Prices

(1) Gross Margin variance includes spark value and hedge value only.

Resolving Regulatory Uncertainty

- Open, competitive markets will prevail
 - ◆ Efficiency
 - ◆ Open access
 - ◆ Innovation
 - ◆ Choice
- Balanced market design should support regional transmission and wholesale market participants
 - ◆ Effective allocation of risks
 - ◆ Enhanced pricing signals
- Five-year rate freeze in North Carolina
 - ◆ Provides for recovery of environmental costs of approximately \$1.5 billion related to the NC Clean Smokestacks legislation
 - ◆ Substantially reduces SO_x and NO_x emissions through 2013

A Team That Delivers

- Capable and committed management
 - ◆ Operational excellence
 - ◆ Financial commitment
- New leadership
 - ◆ Fred Fowler, President and Chief Operating Officer
 - ◆ Ruth Shaw, President – Duke Power
 - ◆ Tom O'Connor, President – Duke Energy Gas Transmission
 - ◆ Rob Ladd, President – Duke Energy North America

2003 Strategic Directives

- 1** Focus on positive net cash generation
- 2** Invest in our strongest business sectors
- 3** Size businesses to market realities
- 4** Address merchant energy issues
- 5** Strengthen relationships with customers
- 6** Reduce regulatory & legal risk

Why Invest in DUK?

- Market value based on regulated operations – Duke Power and Gas Transmission
- Long-term demand for energy supports viability of merchant energy business
- “Free” option on merchant energy business with limited downside
- Solid dividend return – 5.75% yield while waiting on energy market recovery (based on \$19 stock price)
- Balanced business model – regulated / unregulated
- Strong competitive position: geography, lines of businesses and fuel sources
- Financial flexibility will support business plans and future opportunities
- Management depth and experience