



ENERGY & POWER CONFERENCE

Banc of
America
Securities

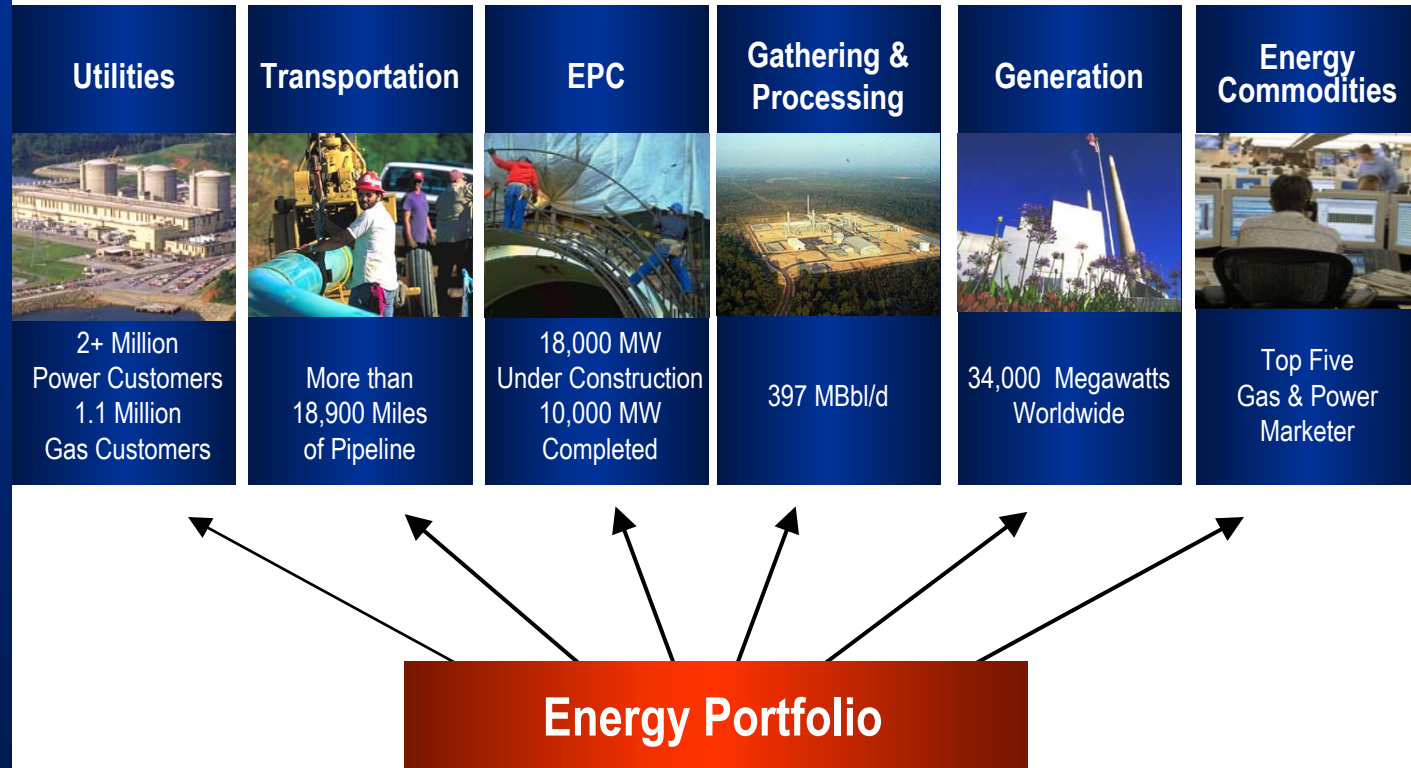
Richard Sherrill

June 17, 2002

New York, New York



The Power of Duke Energy





Business Model





Carolinas Clean Air Initiative

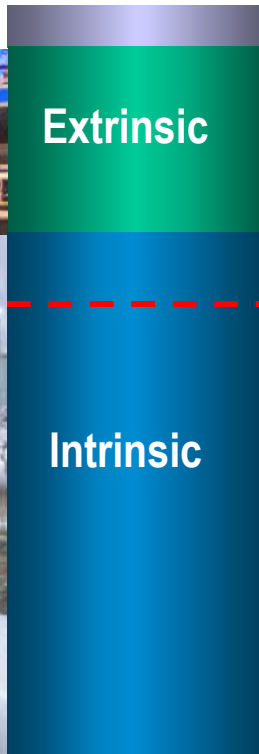
- **Enhance emissions performance** of base-load coal fleet to meet North Carolina **clean air targets**
- **Provide rate stability** through a five-year rate freeze
- **Accelerate recovery of environmental costs** over seven years
- Set the stage for **market modernization**



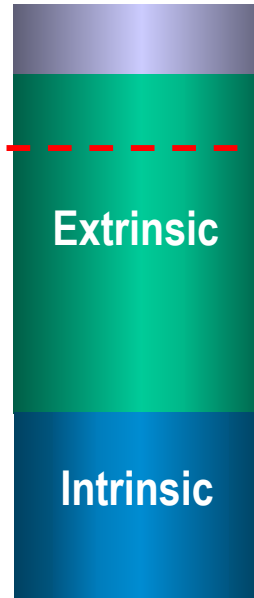
Market Scenarios

Ancillary Services

Ancillary Services



Market Scenario A



Market Scenario B



Acceptable Return



DENA Portfolio

Electric Operations

No. of Customers	2+ MM
Gen. Capacity	20,500 MW
Distribution Lines	74,200 mi
Transmission Lines	12,700 mi

Merchant Generation

Operational	8,600 MW
Under Construction	10,350 MW

Energy Marketing

Gas Marketed	13.8 TBtu/d
Power Marketed	335,210 GWh

Natural Gas Transmission

Delivery	2.6 Tcf
Storage	240 Bcf
Miles of Pipe	18,900

Natural Gas Distribution

No. of Customers	1.1 MM
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Field Services

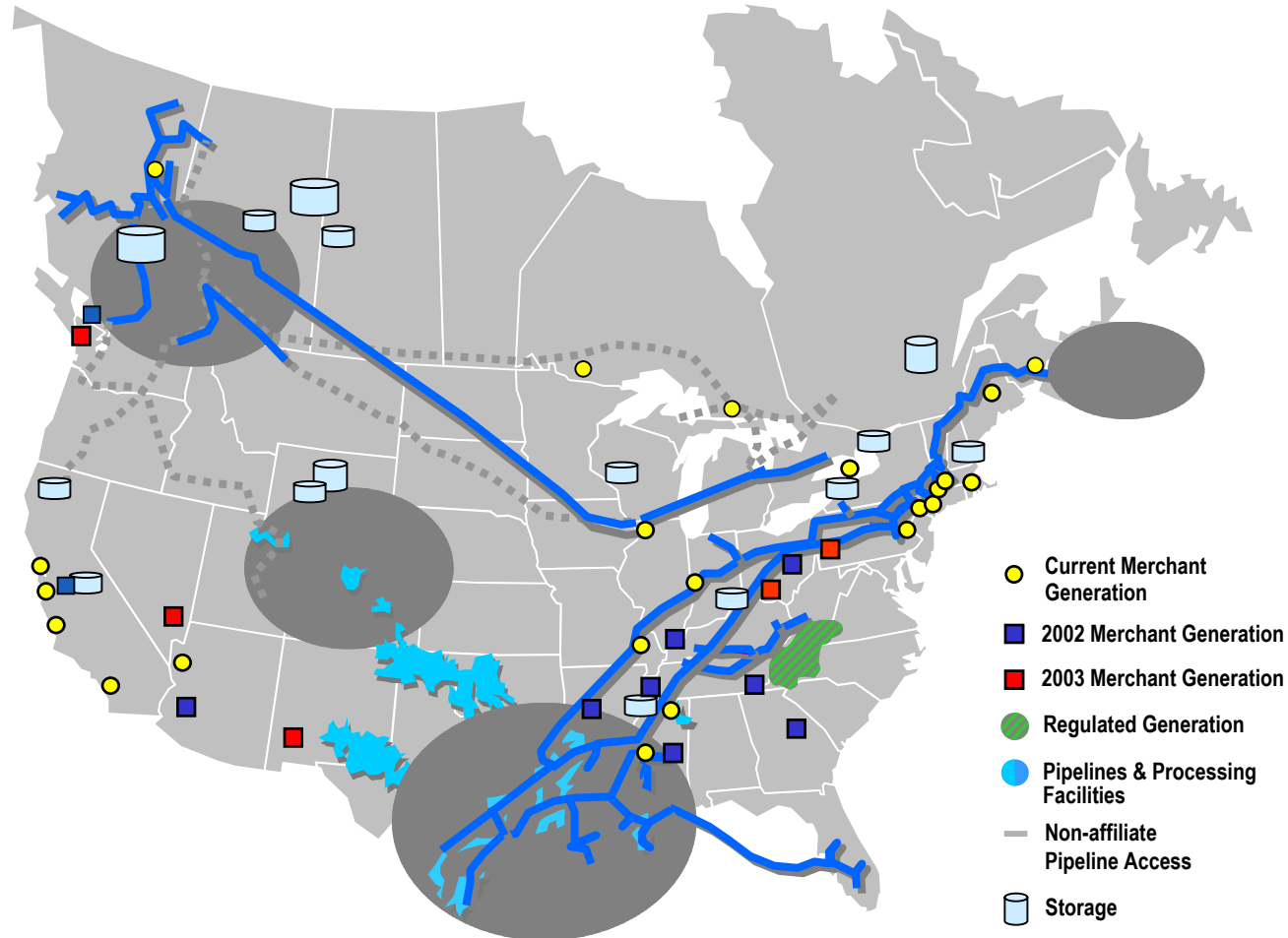
Natural Gas

Gathered/Processed	8.4 Bcf
Storage	8 Bcf
Miles of pipe	57,000

NGLs & Crude

MBbls/d

NGLs Produced	400
NGLs & Crude Transported	88



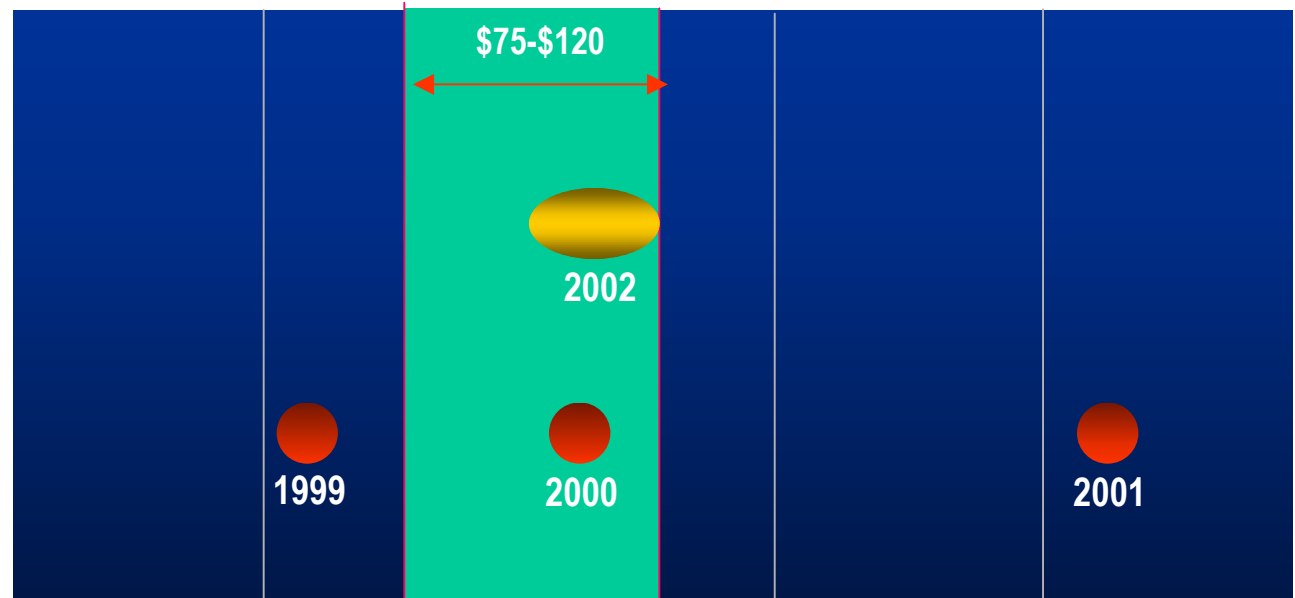
- Current Merchant Generation
- 2002 Merchant Generation
- 2003 Merchant Generation
- Regulated Generation
- Pipelines & Processing Facilities
- - - Non-affiliate Pipeline Access
- Storage



Earnings Stability

Projected North America Wholesale Energy EBIT / kW

EBIT guidance for
NAWE falls within a
range of \$75 to \$120
per kilowatt of
operating merchant
generation fleet.

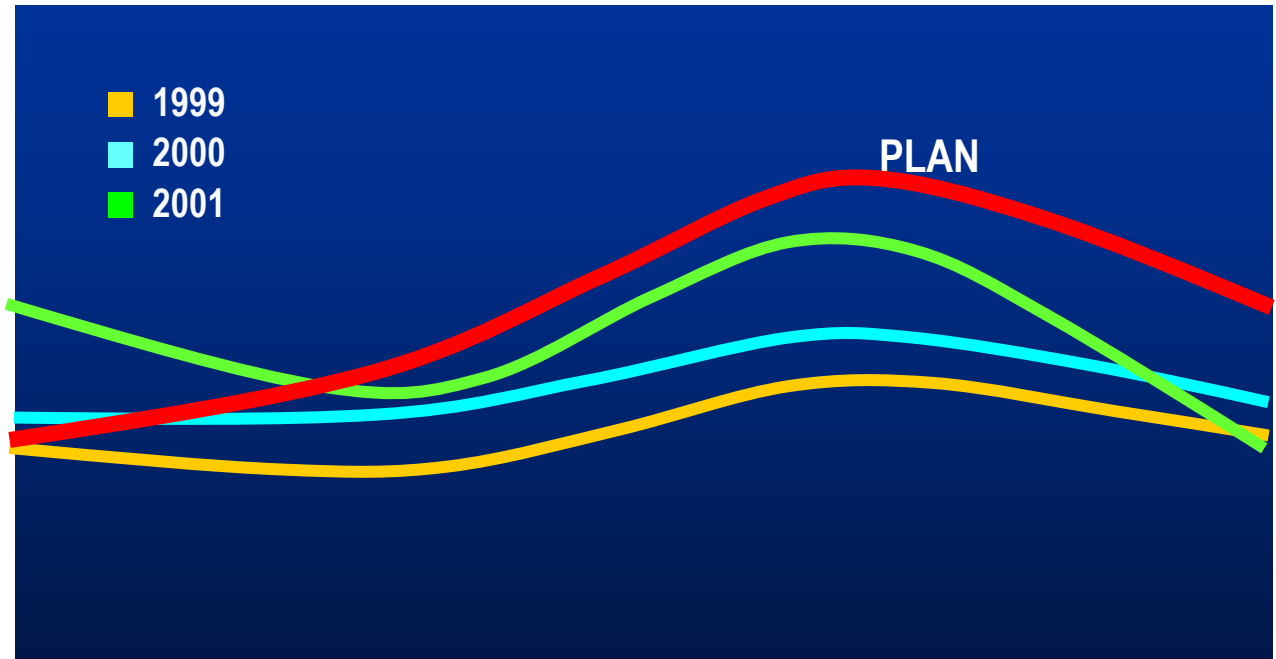


2001: 8,000 MW

2002: 15,300 MW

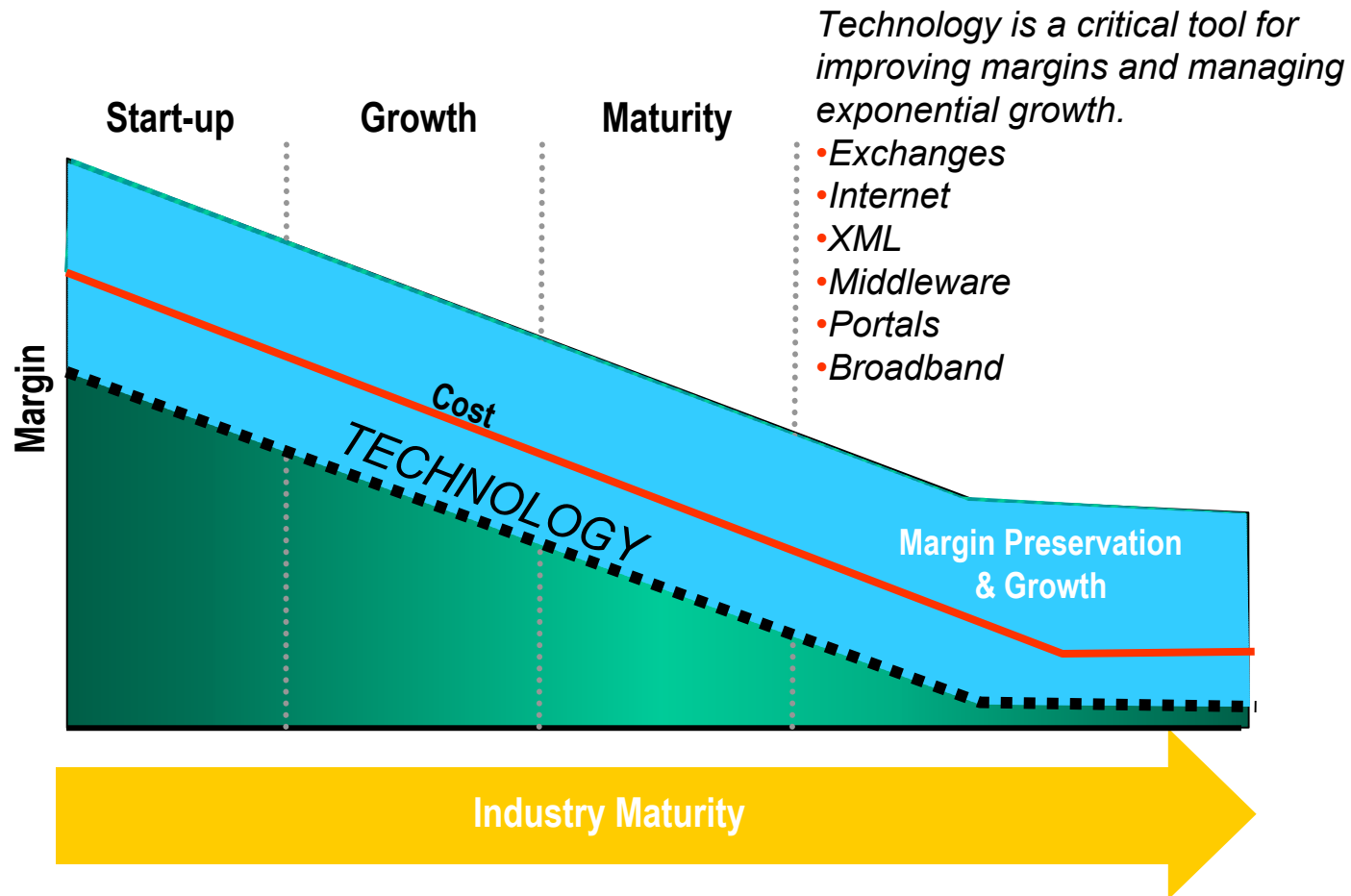


Seasonality of Earnings





Technology Increases Margin Gain





Premium Value Products – Origination

- Utilize relationships to **customize non-standard products**
- Take advantage of **Duke Energy's "A" credit rating**
- **Capture premium** above "mid" market value
- **Enhance long-term asset value**
- Creates value by **developing innovative products** and services
- Competitive drivers are **financial structuring, physical asset base, understanding of commodity markets, statistical analysis and customer service**



Nevada Power/ Sierra Pacific Resources Origination Solution

- Alleviated short term liquidity problems for NP
- Two agreements for additional power and gas sales (short and long term)
- No incremental Duke Energy credit exposure
- Resolved pending FERC 206 proceeding



Georgia Power - Origination Solution

- Seven-year power supply contract, to commence June 2005
- Georgia Power will receive half the output of DENA's Murray Energy Facility, or 620 megawatts
- Transaction between high quality counterparties for competitive pricing and extremely reliable service



Differentiation

- **Disciplined business strategy**
- **Diversified portfolio** of energy assets and positions
 - Geographic location
 - Multiple commodities
- **Financial strength**
- **Risk management skills** and expertise
- **Management team**
- Strong track record of delivering long-term **earnings growth and sustainability**

we generate **what's next.**

