

Edgar Filing: Duke Energy Holding Corp. - Form 425

Duke Energy Holding Corp.  
Form 425  
September 15, 2005

**Filed by Duke Energy Corporation**  
**Commission File No. 1-4928**  
**Pursuant to Rule 425 under the Securities Act of 1933**  
**And Deemed Filed Pursuant to Rule 14a-12**  
**Under the Securities Exchange Act of 1934**

**Subject Company: Duke Energy Holding Corp.**  
**Commission File No. 333-126318**

Analyst Meeting  
September 15, 2005

Paul Anderson

Jim Rogers

David Hauser

Tom O Connor

Chairman and CEO, Duke Energy

Chairman and CEO, Cinergy

Group Vice President and CFO, Duke Energy

Integration Executive, Duke Energy

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Agenda

	Noon	Lunch	
1:00 p.m.	Overview		Paul Anderson
1:30 p.m.	Power Strategy		Jim Rogers
	2:30 p.m.	Break	
2:45 p.m.	Financial Objectives		David Hauser
3:15 p.m.	Integration Efforts		Tom O'Connor
	3:45 p.m.	Q & A	
	4:45 p.m.	Adjourn	

Forward Looking Statements

This document includes statements that do not directly or exclusively relate to historical facts. Such statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements include statements regarding benefits of the proposed mergers and Restructuring Transactions, integration plans and expected synergies, anticipated future financial operating performance and results, including estimates of growth. These statements are based on the current expectations of management of Duke and Cinergy. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements included in this document. For example, (1) the companies may be unable to obtain shareholder approvals required for the transaction; (2) the companies may be unable to obtain regulatory approvals required for the transaction, or required regulatory approvals may delay the transaction or result in the imposition of conditions that could have a material adverse effect on the combined company

or cause the companies to abandon the transaction; (3) conditions to the closing of the mergers and the restructuring transactions may not be satisfied; (4) problems may arise in successfully integrating the businesses of the companies, which may result in the combined company not operating as effectively and efficiently as expected; (5) the combined company may be unable to achieve cost-cutting synergies or it may take longer than expected to achieve those synergies; (6) the transaction may involve unexpected costs or unexpected liabilities, or the effects of purchase accounting may be different from the companies' expectations; (7) the credit ratings of the combined company or its subsidiaries may be different from what the companies expect; (8) the businesses of the companies may suffer as a result of uncertainty surrounding the transaction; (9) the industry may be subject to future regulatory or legislative actions that could adversely affect the companies; and (10) the companies may be adversely affected by other economic, business, and/or competitive factors. Additional factors that may affect the future results of Duke and Cinergy are set forth in their respective filings with the Securities and Exchange Commission ("SEC"), which are available at [www.duke-energy.com/investors](http://www.duke-energy.com/investors) and [www.cinergy.com/investors](http://www.cinergy.com/investors), respectively. Duke and Cinergy undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**Additional Information and Where to Find It**

In connection with the proposed transaction, a registration statement of Duke Energy Holding Corp. (Registration No. 333-126318), which includes a preliminary prospectus and a preliminary joint proxy statement of Duke and Cinergy, and other materials have been filed with the SEC and are publicly available.

**WE URGE INVESTORS TO READ THE DEFINITIVE JOINT PROXY STATEMENT-PROSPECTUS WHEN IT**

**BECOMES AVAILABLE AND THESE OTHER MATERIALS CAREFULLY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT DUKE, CINERGY, DUKE ENERGY HOLDING CORP., AND THE PROPOSED TRANSACTION.**

Investors will be able to obtain free copies of the joint proxy statement-prospectus as well as other filed documents containing information about Duke and Cinergy at <http://www.sec.gov>, the SEC's website. Free copies of Duke's SEC filings are also available on Duke's website at [www.duke-energy.com/investors](http://www.duke-energy.com/investors), and free copies of Cinergy's SEC filings are also available on Cinergy's website at [www.cinergy.com/investors](http://www.cinergy.com/investors).

**Participants in the Solicitation**

Duke, Cinergy and their respective executive officers and directors may be deemed, under SEC rules, to be participants in the solicitation of proxies from Duke's or Cinergy's stockholders with respect to the proposed transaction. Information regarding the officers and directors of Duke is included in its definitive proxy statement for its 2005 Annual Meeting filed with the SEC on March 31, 2005. Information regarding the officers and directors of Cinergy is included in its definitive proxy statement for its 2005 Annual Meeting filed with the SEC on March 28, 2005. More detailed information regarding the identity of potential participants, and their direct or indirect interests, by securities, holdings or otherwise, will be set forth in the registration statement and proxy statement and other materials to be filed with the SEC in connection with the proposed transaction.

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This document 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 included in the printed version of these slides which can be downloaded from our investor relations websites at:

[www.duke-energy.com/investors/financial/gaap/](http://www.duke-energy.com/investors/financial/gaap/)  
[www.cinergy.com/Investors/Reports\\_and\\_Presentations/presentations.asp](http://www.cinergy.com/Investors/Reports_and_Presentations/presentations.asp)

Regulation G

5

Paul Anderson  
Chairman and CEO  
Duke Energy

Back on Course

Sold non-strategic asset positions

Strengthened the balance sheet

Lowered debt balances

Stabilized credit outlook

Maintained strong cash position

Reduced regulatory and legal risks

Mitigated mark-to-market exposure at DENA

Maintained the dividend

Delivered on earnings expectations

Excellent market position in both natural gas  
and power

Strong financial position

Deep bench of talent

Long history as portfolio managers

Building on Our Strengths



Portfolio Strategy

Constantly evaluate the asset portfolio with an eye to  
the future

Must enhance shareholder value

Recent history has seen us buying and selling assets

Sold Asia-Pacific business

Sold Southeast generation assets and deferred plants

Sold TEPPCO

DEFS joint venture with COP for 50/50 ownership

Announced merger with Cinergy

Announced exit of remaining DENA business

Provides FRESH START

Exiting DENA

Midwest generation portfolio helped by Cinergy and will be unaffected by this decision

A net charge of approximately \$1.3 billion, or 88¢ per basic share, will be recognized in the third quarter 2005

Rationale for exiting the remaining business

Continued losses in the business

No clear path to breakeven EBIT by the end of 2006

Encumbered by size and complexity of trading books

Intend to fully exit remaining business within a year

Benefits

Accretive to ongoing earnings

Strengthens Duke Capital's credit profile

Transaction is net cash positive

Storage Capacity

Miles of Transmission Pipe

System Compressor Horsepower

Miles of Distribution Main

Miles of Distribution Service

Retail Customers

Natural Gas Transmission

**Texas**

**Eastern**

**Algonquin**

**Gulfstream**

**Maritimes &**

**Northeast**

**BC Pipeline  
& Field Services**

**Union Gas  
Service Area**

**Empress**

**East**

**Tennessee**

more than 250 Bcf

more than 17,500

3,000,000

22,000

12,000

1.2 million

**Natural Gas Storage**

**Union Gas Service Area**

**BC Field Services Processing Plant**

**Gas Processing Plant**

**Empress Assets**

Natural Gas Businesses Are  
Positioned to Supply Increasing Gas Demand

Natural Gas Transmission

Key eastern markets continue to grow

2 3% demand growth through 2010

25 50% market share in these markets

Ability to manage LNG logistics

New capacity needed for new sources of supply

Increasing demand for gas storage

Possible formation of Canadian Income Trust

Strategic acquisitions and joint ventures

Field Services

**Denver**

**Midland**

**Houston**

**Tulsa**

6.0 Bcf

Storage capacity:

4.9 Bcf/d

Gas volumes  
processed:

370 MBbl/d

NGL production:

4 offices

8 propane terminals

57 plants; 12 fractionators

58,000 miles of pipeline

Natural Gas Businesses Are  
Positioned to Supply Increasing Gas Demand

Field Services

#1 NGL producer in North America

Critical mass in key producing basins

Overall expansion driven by growing demand for  
natural gas and natural gas liquids (NGLs)

Efficiency gains from asset optimization

Continued industry consolidation

Potential launch of master limited partnership (MLP)

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Merger with Cinergy

Combines two strong business operations

Grows earnings contribution from regulated sources

Provides geographic diversity to earnings profile

Realizes significant cost savings

Accretive to Duke Energy's earnings

Combines DENA's Midwest assets with CG&E's  
unregulated portfolio

Provides fuel diversity and operational flexibility

Provides platform for future electric consolidation



Vision for the Future

Combined operations will deliver

Ongoing \$2 per diluted share in 2007

4 6% ongoing EPS growth

Organic growth opportunities for existing business

Stand-alone strength of both gas and power businesses

Power business will be 4th largest in North America based upon  
implied market capitalization

Natural gas business will be largest in U.S. by implied  
market capitalization

Platform for future growth

Strength and flexibility to pursue other opportunities

Jim Rogers  
Chairman and CEO  
Cinergy

Multi-Regional Regulated Retail  
Power and Gas Platform

Low-cost operations with rates below the national  
average

Diverse customer base and generating assets

Superior customer service

Major reinvestment opportunities in system growth,  
reliability and the environment

Track record for constructive regulatory outcomes

Scalable platform for future growth

Experienced and talented management team

Combined Regulated Operations

**45 MW**

**Hydro**

**259 MW**

**Oil**

**1,263 MW**

**Gas**

**5,488 MW**

**Coal**

**Midwest  
Regulated  
Generation**

**2,810 MW**

**Hydro**

**2,446 MW**

**Gas**

**7,754 MW**

**Coal**

**5,020 MW**

**Nuclear**

**Southeast  
Regulated  
Generation**

**Cincinnati**

**Charlotte**

**Indianapolis**

**IN**

**SC**

OH

KY

WV

TN

NC

GA

VA

**500,000**

**Gas**

**3,700,000**

**Electric**

**Combined  
Customers**

19

Balanced Regulated Generation Portfolio

*Combined generating portfolio mirrors overall industry diversity*

**Duke-Cinergy  
Combined  
26,735 MW**

**Industry  
Diversity**

Duke: 2004 data reflects proportional ownership of nuclear capacity

Industry: EEI 2004 data

Percentage

*Coal*

*Nuclear*

*Gas/Oil*

*Hydro/Other*

20

Operating Performance  
of Combined Generation Fleet

**2003 Non-Fuel O&M Cost Ranking**

*Large Generators ( >40 TWh)*

10

**9**

8

7

6

5

4

3

2

**1**

**Rank**

6.71

DTE Energy Co.

**6.66**

**Duke Energy Corp.**

6.00

American Electric Power

5.89

Xcel Energy, Inc.

5.84

Progress Energy, Inc.

5.67

Southern Co.

5.55

Ameren Corp.

4.97

FPL Group, Inc.

4.34

Allegheny Energy, Inc.

**3.57**

**Cinergy Corp**

**\$/MWh**

**Company**

Source: RDI Platts

Note: Duke Energy's non-fuel O&M costs would be approximately \$4/MWh, excluding nuclear non-fuel O&M.



Diverse Customer Base

**Combined Retail Sales by Customer Class**

127,300 GWh Sales

**Residential**

**33%**

**Commercial**

**30%**

**Other**

**4%**

***Projected Load Growth of 1.5 2%***

**Industrial**

**34%**

*Diverse mix of  
industrial customers  
from primary industry  
to retail products*

Deliver Outstanding Customer Service

First energy company in the nation to have its call centers certified for providing an outstanding customer service experience (2005)

Ranks 3rd in the Midwest in J.D. Power's 2005 survey of residential electric customer satisfaction

Joins Cinergy as the second energy company in the nation to have its call centers certified for providing an outstanding customer service experience (2005)

Ranks 1st in the southern U.S. in J.D. Power's 2005 survey of residential electric customer satisfaction

**J.D. Power  
& Associates**

**TQS Research  
Key Account National  
Benchmark Survey**

**American Customer  
Satisfaction Index**

Ranks 12th nationally for customer satisfaction with large manufacturing and institutional customers in 2005

Ranks 1st in the Southeast and 3rd nationally for customer satisfaction with large manufacturing and institutional customers in 2005

Tied for 5th out of 30 electric and gas utilities by the ACSI

Ranked 4th out of 30 electric and gas utilities by the ACSI

Provide Customers with Competitive Rates

**Rate Comparison**

**(cents per kWh)**

24

Investing in System Growth,  
Reliability and the Environment

**Rate Base**  
**\$15.4 Billion**

\$8.1 Billion  
Projected Capex  
for 3-year period

2006-2008

**IN**

**NC**

**SC**

**OH Electric**<sup>1</sup>

**KY**<sup>2</sup>

**OH Gas**

**Capital**

**Expenditures**

<sup>1</sup>*Excludes CG&E generation and includes proposed rate base addition for pending electric distribution base rate case*

<sup>2</sup>*Includes proposed rate base addition for pending gas distribution rate case and pending transfer of certain CG&E generation assets at net book value*

Enhanced Flexibility for  
Midwest Commercial Fleet

Integrated coal-fired, baseload generation and  
gas-fired, combined cycle and peaking generation

Modernized fleet with an average age of 19 years

Well positioned to succeed in evolving competitive  
supply markets of PJM and MISO

Potential for upside in 2009 when Ohio RSP expires

Combined Commercial Portfolio  
Enhances Ability to Serve Competitive Markets

*A generation mix capable of  
serving diverse customer  
load shapes*

Source: RDI Platts

46

55

CAISO

131

164

PJM

119

131

MISO

**Peak  
load**

**(GW)**

**Installed  
capacity**

**(GW)**

*PJM and MISO are  
each more than twice  
the size of the  
California market*

**Midwest ISO**

**PJM Interconnection**

Commercial Fleet Positioned to Sell in  
the Most-Developed Competitive U.S. Markets

**Commercial Fleet**

28

Earnings Enhancement from Low-Risk  
Gas & Power Marketing and Trading Platforms

Low-risk focus

Narrow parameters for risk, products and  
committed capital

VaR of \$2.4 million (2004 average)

Near-term focus

Power transactions - 97% < 1 year

Gas transactions - 98% < 1 year

Credit quality focus

93% of trading portfolio exposure is with  
investment-grade counterparties



Strong Platform for  
Long-Term, Stable Earnings Growth

Organic growth

Diversified, franchised business growth

Investment in operations

New generating capacity

Environmental investment

Modernization of the delivery system

Cost savings from productivity improvements

Merger savings to accrue to both customers and shareholders

Continued cost savings from best practices

Commercial growth from low-cost, modernized Midwest fleet

Earnings enhancement from low-risk marketing & trading businesses

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Regulatory Approval Timeline

Regulatory approval filings made by third quarter 2005

Shareholder vote anticipated in fourth quarter 2005

Federal and state approvals should be completed in first quarter 2006

DENA exit not expected to significantly delay approval process

Closing anticipated in first half of 2006

BREAK

David Hauser  
Group Vice President and CFO  
Duke Energy

Duke Energy

2005 approximate ongoing segment EBIT contributions by ongoing business line

Other EBIT

\$310 million in net expenses, excluding mark-to-market fluctuations related to de-designated hedges

Includes Midwest assets, certain contracts and corporate allocations, and DETM

Hedge sensitivity unchanged: 1¢ per gallon move in NGLs equates to a \$5 million move in equity earnings at Field Services, partially offset by approximately \$4 million in Other EBIT for the last six months of 2005

Utility 38%

Pipeline 36%

EBIT 6%

Equity Earnings 5%

Real Estate 7%

International 8%

Gas  
Processing

Duke Energy + Cinergy

2005 approximate ongoing segment EBIT contribution by  
combined ongoing business line

Largely balanced between gas and power businesses

Utility 46%

Pipeline 29%

Real Estate 5%

Commercial  
5%

International 6%

EBIT 5%

Equity Earnings 4%

Gas  
Processing

Note: 2006 combined ongoing EPS, assuming Jan 1 combination, is 5¢ accretive with no synergies or purchase accounting adjustments based on current street estimates.

Earnings Growth Drivers

Near-term ongoing EPS growth of 12% annually

Addition of Cinergy businesses

Synergies

Existing business growth

Reduced losses at DENA

Roll off of hedges at Field Services

Flexibility of stronger balance sheet

Long-term ongoing EPS growth of 4 - 6% annually

Growth at pipeline and gas processing businesses

Growth at regulated utility business

Synergies

Flexibility of stronger balance sheet

Cash Flow Outlook

37

Dividend payout of approximately 70%

Near-term outlook

Deploy existing cash associated with costs to achieve synergies

Approximate total capital expenditures for 2007

Environmental

\$0.8 billion

Maintenance

\$2.1 billion

Expansion

\$1.8 billion

Long-term outlook

Solid cash generation

Continued capital redeployment



Financing Organizational Structure

**Duke Energy  
Corporation**

**Duke Capital**  
BBB-, Baa3

50% debt/cap

**Duke Power** <sup>(a)</sup>

BBB, Baa1  
48% debt/cap

**Cinergy**  
BBB, Baa2  
42% debt/cap

**CG&E**  
BBB, Baa1

37% debt/cap

**PSI**  
BBB, Baa1

49% debt/cap

**Texas Eastern**  
BBB, Baa2

40% debt/cap

**Westcoast**  
BBB, A (low) <sup>(b)</sup>  
57% debt/cap

**Union Gas**  
BBB, A <sup>(b)</sup>  
64% debt/cap

43% debt/capitalization  
5.5x FFO interest coverage

No new debt issued

Financing node

*All amounts relate to 2007 projections*

(a)

Duke Power's credit ratings are the current Duke Energy ratings.

(b)

Westcoast and Union Gas are rated by S&P and DBRS

38

Purchase Accounting

No change to Duke Energy's valuations

Cinergy's non-regulated businesses will be fair valued

We do not intend to fair value Cinergy's regulated  
businesses

Goodwill increase of approximately \$4.2 billion

Finance Key Focuses

Maintain financial strength

Balance cash generation with capex requirements  
and dividend growth

Make good investment portfolio decisions

Streamline financial systems

Tom O Connor  
Integration Executive  
Duke Energy

Integration Vision

The merger creates an opportunity to integrate, simplify, reduce and standardize processes and activities to create a scalable platform for future growth and the greatest realization of synergies.

Integration Objectives

Achieve targeted synergies

Develop scalable platform

Build the team

Stretch for excellence

Maintain focus

**1. Reward Shareholders**

**2. Build a Growth Platform**

**3. Strengthen the Organization**

Integration Structure

**Steering Committee**

Paul Anderson

Jim Rogers

Fred Fowler

Jim Mogg

Jim Turner

**Integration Executive**

Tom O Connor

**Integration Leads**

**Program Managers**

**Functional Teams**

Corporate

Shared Services

Regulated

Non-Regulated

Other Business Units

**Support Teams**

Human Resources

Information Technology

Finance

***Program  
Management  
Office***



Functional & Support Teams

Support Teams

**Information Technology**

**Human Resources**

**Finance**

DEGT Gas  
Transmission

DEFS Field  
Services

DEI  
International

Crescent Real  
Estate

Corporate Services

Information Technology

Supply Chain  
Purchasing

Generation

Trading & Marketing

Portfolio Ops

Solutions (Third  
Party Asset  
Management)

Generation

Electric T&D

Retail Marketing &  
Sales

Customer Service

Portfolio Ops

**Other**

**Shared Services**

**Unregulated**

**Regulated**

Functional Teams

**Corporate**

Finance &  
Accounting

Human Resources

Legal

External Relations

Investor Relations

Strategy & Business  
Development

Risk Management

Compliance / Audit

Integration Framework and Expectations

Thru Sept 14

Plan the effort

Create the vision

Plan the outcomes

Set the targets

Integration  
blueprint

**Framework  
Development**

**Implementation**

**Analysis**

**Design**

**Implementation  
Planning**

**Plan**

**Implement**

**Design**

**Assess**

Sept 15 Oct 28

Build the facts

Confirm models

Identify  
constraints

Define processes

Comparison  
report

Oct 31 Mar 1

Define the future

Build structure

Align processes

Establish metrics

Business case

Mar 2 on

Prepare for  
change

Develop priorities

Build task plans

Define sequence

Checklists

2Q06

Operate as one

Integrate operations

Capture synergies

Operating plan

**Duration**

**Scope**

**Key  
Activities**

**Key  
Deliverables**

**Purpose**

**Stages**

46

Franchised Electric Business Model

Franchised Electric

COO

Business Unit CEOs - Matrixed Accountability

Business Unit CEOs

Direct Accountability

**CEO**

**Duke Energy**

State Rates/Regulatory

State Legislative

Economic Development

Large Wholesale/Industrial

Customers

Community Relations

CEO

CGE/ULHP

State Rates/Regulatory

State Legislative

Economic Development

Large Wholesale/Industrial

Customers

Community Relations

CEO

PSI

State Rates/Regulatory

State Legislative

Economic Development

Large Wholesale/Industrial  
Customers

Community Relations

CEO

Duke Power

Carolinas  
Generation

PSI

Generation

ULHP  
Generation

Regulated  
Fossil/Hydro  
Generation

Carolinas      Carolinas

Transm.      Distribution

PSI              PSI

Transm.  
Distribution

CGE              CGE

Transm.      Distribution

Gas/Power

Power/

Gas Delivery

Customer  
Service

Shared  
Service  
Delivery

Generation Fleet  
Service  
Reg/Non-Reg

Carolinas Retail/  
Call Centers

PSI Retail/  
Call Centers

CGE/ULHP Retail/  
Call Centers

Nuclear

47

Fleet Services

**Supply Chain**

**Fuel Buying (Non-gas)**

**Maintenance**

**Operations Planning**

**Project Management**

**Outage Management**

**Inventory**

**Engineering**

**DENA / CG&E**

**Duke / PSI / ULHP**

Regulated Fossil /

Hydro Generation

Non-Regulated  
Fossil Generation

Generation

Fleet Services



Cost Savings Distribution (May 9<sup>th</sup>)

Workforce reductions of about 1,500, or about 50% of total savings

Corporate and shared services

Regulated utility back-office

Non-regulated marketing, trading and operations

**Origin of Savings before Costs to Achieve  
(Year 3)**

*(\$ in millions)*

**Total**

**~\$400**

**Corporate**

**~\$190**

**Utility**

**~\$80**

**Non-Regulated**

**~\$130**

49

Cost Savings Distribution (Year 3)

*(\$ in millions)*

**Total**

**~\$440**

**Corporate &  
Shared Services**

**~\$200**

**Utility**

**~\$80**

**Non-Regulated**

**~\$160**

50

Merger Cost Savings and Distribution

(\$ in millions, excludes non-regulated)

**Savings Distribution**

**17%**

Utility Staffing

**15%**

Information  
Technology

**23%**

Supply Chain

Corporate  
Staffing

**28%**

Corporate  
A&G

**17%**

Approximately \$280 million in annual pre-tax cost savings, before costs to achieve, by year 3

Costs-to-achieve largely incurred by end of year 2

Focused integration approach to achieve Day-1 readiness and accelerate savings realization

Year 1

Year 2

Year 3

Year 4

Year 5

~\$170

~\$235

(~\$425)

(~\$115)

~\$280

(\$60)

~\$310

(\$40)

~\$335

Pre-tax savings

Costs to achieve

(\$35)

**5-Year Savings Summary**

**Gross  
Savings**

**Costs-to-  
Achieve**

**Net  
Savings**

**\$1,330**

**(\$675)**

**\$655**

51

Enterprise-Wide Status Tracking

Identification of initiatives  
that will require a long lead  
time for implementation

Initiative implementation  
dependencies and/or  
assumptions

Transformation Team that  
developed the Initiative

View planned, detailed cost savings by  
Functional Group and/or Business Unit

Proposed initiative  
implementation start  
and end dates

Initiative name and  
description

Initiative accountability for  
Implementation

Detailed workplan name and/or  
description for the initiative (if  
applicable)

Total initiative planned  
(labor and non-labor) cost  
savings and headcount  
impacts for the initiative

Total (labor and non-  
labor) planned cost  
savings for the initiative  
by Functional Group  
and/or Business Unit

**2006**

**2007**

**2008**

**2006**

**2007**

**2008**

**2006**

**2007**

**2008**

**4/1/2006**

**10/1/2006**

**(\$000s)**

**(\$000s)**

52

Measuring Integration Success

Day 1 readiness

Realize the synergies

Scalable platform in place

High-performance team established

- 1. Reward Shareholders**
- 2. Build a Growth Platform**
- 3. Strengthen the Organization**

Paul Anderson  
Chairman and CEO  
Duke Energy



We Will Provide Our Shareholders With

Earnings stability

Dividend growth

2007 ongoing EPS of \$2 per diluted share

Annual ongoing EPS growth of 4 - 6%

