



Carbon Offsets: An Integral Component of a US Cap-and-Trade Program

Presentation to the EESI Carbon Briefing

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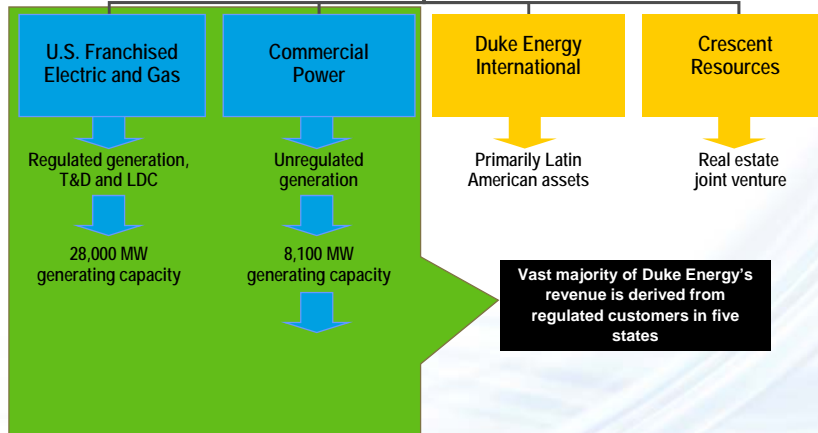
SAFE HARBOR STATEMENT

Some of the statements in this document concerning future company performance will be forward-looking within the meanings of the securities laws. Actual results may materially differ from those discussed in these forward-looking statements, and you should refer to the additional information contained in Duke Energy's 2007 Form 10-K filed with the SEC and our other SEC filings concerning factors that could cause those results to be different than contemplated in today's discussion.

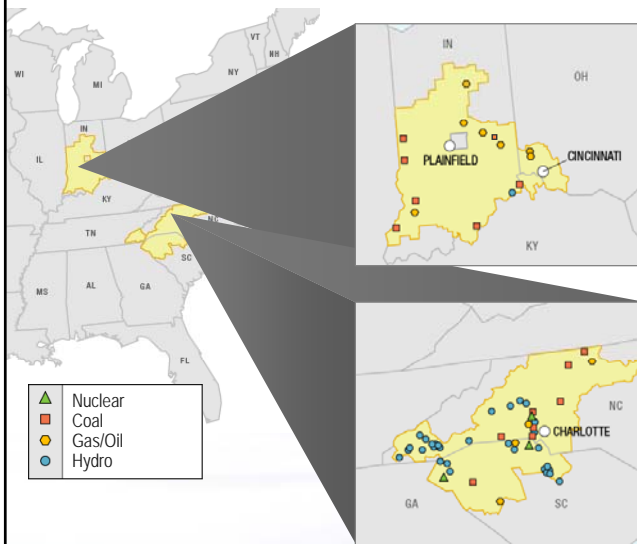
REG G DISCLOSURE

In addition, today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures can be provided.

Duke Energy Organizational Overview

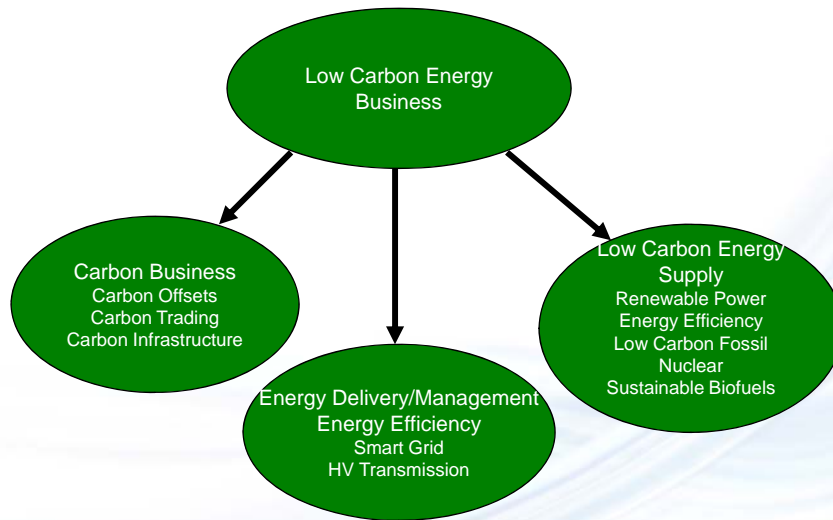


Overview Of U.S. Franchised Electric & Gas



- 5 States: North Carolina, South Carolina, Indiana, Ohio and Kentucky
- 47,000 square mile service territory
- 28,000 net MW of generating capacity
 - ~5,000 MWs of nuclear
 - ~14,000 MWs of coal
 - ~6,000 MWs of gas / oil
 - ~3,000 MWs of hydro
- 4.0 million retail electric customers
- 500,000 retail gas customers
- Approximately \$17 billion in retail rate base as of 12/31/07

The "Low Carbon" Industry Segment



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Potential Elements of a Duke Carbon Business



A disciplined approach to developing a Carbon initiative

➤ Renewable Energy Projects with Carbon Attributes

- Pre-compliance investments over the next 2-3 years
- Focus investments on projects which have the potential to generate high quality carbon offsets during the compliance period

➤ Forestry Projects

- Establish commercial platform for large-scale afforestation projects in the US
- Explore complementary projects offshore
- Focus on rehabilitating marginal farm land and returning native habitats

➤ Building and owning Carbon infrastructure (CCS)

- Develop and own Carbon infrastructure, e.g. Carbon capture facilities, pipelines, sequestration sites
- Provide carbon mitigation services to Duke as well as third parties
- Help propel commercialization of Carbon capture and sequestration

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➔ Offset Segments:

- ✦ Ag and other organic waste (animal and crop wastes)
- ✦ Forestry
- ✦ Coal methane
- ✦ Agricultural practices

➔ Benefits:

- ✦ Drives investment into emission reductions from “non-covered” sources which are a significant contributor to GHG emissions” and re-establishment of forests/native habitat

➔ Key requirements:

- ✦ Rigorous protocols and program adherence to insure Carbon reductions are sustainably achieved.