

FINANCIAL HIGHLIGHTS^a

(In millions, except per-share amounts)	2006	2005	2004	2003 ^c	2002
Statement of Operations					
Operating revenues	\$ 15,184	\$ 16,297	\$ 19,596	\$ 17,623	\$ 14,757
Operating expenses	12,493	13,416	16,441	16,632	12,313
Gains on sales of investments in commercial and multi-family real estate	201	191	192	84	106
Gains (losses) on sales of other assets and other, net	276	534	(416)	(199)	32
Operating income	3,168	3,606	2,931	876	2,582
Other income and expenses, net	1,008	1,809	304	550	352
Interest expense	1,253	1,066	1,282	1,331	1,116
Minority interest expense	61	538	200	62	91
Earnings from continuing operations before income taxes	2,862	3,811	1,753	33	1,727
Income tax expense (benefit) from continuing operations	843	1,282	507	(52)	544
Income from continuing operations	2,019	2,529	1,246	85	1,183
(Loss) income from discontinued operations, net of tax	(156)	(701)	244	(1,246)	(149)
Income (loss) before cumulative effect of change in accounting principle	1,863	1,828	1,490	(1,161)	1,034
Cumulative effect of change in accounting principle, net of tax and minority interest	—	(4)	—	(162)	—
Net income (loss)	1,863	1,824	1,490	(1,323)	1,034
Dividends and premiums on redemption of preferred and preference stock	—	12	9	15	13
Earnings (loss) available for common stockholders	\$ 1,863	\$ 1,812	\$ 1,481	\$ (1,338)	\$ 1,021
Ratio of Earnings to Fixed Charges^d	3.2	4.7	2.3	—^b	2.0
Common Stock Data					
Shares of common stock outstanding ^e					
Year-end	1,257	928	957	911	895
Weighted average – basic	1,170	934	931	903	836
Weighted average – diluted	1,188	970	966	904	838
Earnings (loss) per share					
Basic	\$ 1.59	\$ 1.94	\$ 1.59	\$ (1.48)	\$ 1.22
Diluted	\$ 1.57	\$ 1.88	\$ 1.54	\$ (1.48)	\$ 1.22
Dividends per share	\$ 1.26	\$ 1.17	\$ 1.10	\$ 1.10	\$ 1.10
Balance Sheet					
Total assets	\$ 68,700	\$ 54,723	\$ 55,770	\$ 57,485	\$ 60,122
Long-term debt including capital leases, less current maturities	\$ 18,118	\$ 14,547	\$ 16,932	\$ 20,622	\$ 20,221
Capitalization					
Common equity	55%	50%	45%	37%	36%
Preferred stock	0%	0%	0%	0%	1%
Trust preferred securities	0%	0%	0%	0%	3%
Total common equity and preferred securities	55%	50%	45%	37%	40%
Minority interests	2%	2%	4%	5%	5%
Total debt	43%	48%	51%	58%	55%

^a Significant transactions reflected in the results above include: 2006 merger with Cinergy (see Note 2 to the Consolidated Financial Statements in Duke Energy's 2006 Form 10-K, "Acquisitions and Dispositions"), 2006 Crescent joint venture transaction and subsequent deconsolidation effective September 7, 2006 (see Note 2 to the Consolidated Financial Statements in Duke Energy's 2006 Form 10-K, "Acquisitions and Dispositions"), 2005 DENA disposition (see Note 13 to the Consolidated Financial Statements in Duke Energy's 2006 Form 10-K, "Discontinued Operations and Assets Held for Sale"), 2005 deconsolidation of DEFS effective July 1, 2005 (see Note 2 to the Consolidated Financial Statements in Duke Energy's 2006 Form 10-K, "Acquisitions and Dispositions"), 2005 DEFS sale of TEPPCO (see Note 2 to the Consolidated Financial Statements in Duke Energy's 2006 Form 10-K, "Acquisitions and Dispositions") and 2004 DENA sale of the Southeast plants (see Note 2 to the Consolidated Financial Statements in Duke Energy's 2006 Form 10-K, "Acquisitions and Dispositions").

^b Earnings were inadequate to cover fixed charges by \$241 million for the year ended December 31, 2003.

^c As of January 1, 2003, Duke Energy adopted the remaining provisions of Emerging Issues Task Force (EITF) 02-03, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and for Contracts Involved in Energy Trading and Risk Management Activities" (EITF 02-03) and SFAS No. 143, "Accounting for Asset Retirement Obligations" (SFAS No. 143). In accordance with the transition guidance for these standards, Duke Energy recorded a net-of-tax and minority interest cumulative effect adjustment for change in accounting principles. (See Note 1 to the Consolidated Financial Statements in Duke Energy's 2006 Form 10-K, "Summary of Significant Accounting Policies," for further discussion.)

^d Includes pre-tax gains of approximately \$0.9 billion, net of minority interest, related to the sale of TEPPCO GP and LP in 2005 (see Note 2 to the Consolidated Financial Statements in Duke Energy's 2006 Form 10-K, "Acquisitions and Dispositions").

^e 2006 increase primarily attributable to issuance of approximately 313 million shares in connection with Duke Energy's merger with Cinergy (see Note 2 to the Consolidated Financial Statements in Duke Energy's 2006 Form 10-K, "Acquisitions and Dispositions").

See Notes to Consolidated Financial Statements in Duke Energy's 2006 Form 10-K.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per-share amounts)	Years Ended December 31,		
	2006	2005	2004
Operating Revenues			
Non-regulated electric, natural gas, natural gas liquids, and other	\$ 3,158	\$ 7,212	\$ 11,322
Regulated electric	7,678	5,406	5,041
Regulated natural gas and natural gas liquids	4,348	3,679	3,233
Total operating revenues	15,184	16,297	19,596
Operating Expenses			
Natural gas and petroleum products purchased	1,829	5,827	9,225
Operation, maintenance and other	4,415	3,540	3,313
Fuel used in electric generation and purchased power	3,403	1,610	1,576
Depreciation and amortization	2,049	1,728	1,750
Property and other taxes	769	571	513
Impairments and other charges	28	140	64
Total operating expenses	12,493	13,416	16,441
Gains on Sales of Investments in Commercial and Multi-Family Real Estate	201	191	192
Gains (Losses) on Sales of Other Assets and Other, net	276	534	(416)
Operating Income	3,168	3,606	2,931
Other Income and Expenses			
Equity in earnings of unconsolidated affiliates	732	479	161
(Losses) Gains on sales and impairments of equity investments	(20)	1,225	(4)
Gain on sale of subsidiary stock	15	—	—
Other income and expenses, net	281	105	147
Total other income and expenses	1,008	1,809	304
Interest Expense	1,253	1,066	1,282
Minority Interest Expense	61	538	200
Earnings From Continuing Operations Before Income Taxes	2,862	3,811	1,753
Income Tax Expense from Continuing Operations	843	1,282	507
Income From Continuing Operations	2,019	2,529	1,246
(Loss) Income From Discontinued Operations, net of tax	(156)	(701)	244
Income Before Cumulative Effect of Change in Accounting Principle	1,863	1,828	1,490
Cumulative Effect of Change in Accounting Principle, net of tax and minority interest	—	(4)	—
Net Income	1,863	1,824	1,490
Dividends and Premiums on Redemption of Preferred and Preference Stock	—	12	9
Earnings Available For Common Stockholders	\$ 1,863	\$ 1,812	\$ 1,481
Common Stock Data			
Weighted-average shares outstanding			
Basic	1,170	934	931
Diluted	1,188	970	966
Earnings per share (from continuing operations)			
Basic	\$ 1.73	\$ 2.69	\$ 1.33
Diluted	\$ 1.70	\$ 2.60	\$ 1.29
(Loss) earnings per share (from discontinued operations)			
Basic	\$ (0.14)	\$ (0.75)	\$ 0.26
Diluted	\$ (0.13)	\$ (0.72)	\$ 0.25
Earnings per share (before cumulative effect of change in accounting principle)			
Basic	\$ 1.59	\$ 1.94	\$ 1.59
Diluted	\$ 1.57	\$ 1.88	\$ 1.54
Earnings per share			
Basic	\$ 1.59	\$ 1.94	\$ 1.59
Diluted	\$ 1.57	\$ 1.88	\$ 1.54
Dividends per share	\$ 1.26	\$ 1.17	\$ 1.10

See Notes to Consolidated Financial Statements in Duke Energy's 2006 Form 10-K.

CONSOLIDATED BALANCE SHEETS

(In millions, except per-share amounts)	December 31,	
	2006	2005
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 948	\$ 511
Short-term investments	1,514	632
Receivables (net of allowance for doubtful accounts of \$94 at December 31, 2006 and \$127 at December 31, 2005)	2,256	2,580
Inventory	1,358	863
Assets held for sale	28	1,528
Unrealized gains on mark-to-market and hedging transactions	107	87
Other	729	1,756
Total current assets	6,940	7,957
Investments and Other Assets		
Investments in unconsolidated affiliates	2,305	1,933
Nuclear decommissioning trust funds	1,775	1,504
Goodwill	8,175	3,775
Intangibles, net	905	65
Notes receivable	224	138
Unrealized gains on mark-to-market and hedging transactions	248	62
Assets held for sale	134	3,597
Investments in residential, commercial and multi-family real estate (net of accumulated depreciation of \$17 at December 31, 2005)	—	1,281
Other	2,304	2,678
Total investments and other assets	16,070	15,033
Property, Plant and Equipment		
Cost	58,330	40,823
Less accumulated depreciation and amortization	16,883	11,623
Net property, plant and equipment	41,447	29,200
Regulatory Assets and Deferred Debits		
Deferred debt expense	320	269
Regulatory assets related to income taxes	1,361	1,338
Other	2,562	926
Total regulatory assets and deferred debits	4,243	2,533
Total Assets	\$68,700	\$54,723
LIABILITIES AND COMMON STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 1,686	\$ 2,431
Notes payable and commercial paper	450	83
Taxes accrued	434	327
Interest accrued	302	230
Liabilities associated with assets held for sale	26	1,488
Current maturities of long-term debt	1,605	1,400
Unrealized losses on mark-to-market and hedging transactions	134	204
Other	1,976	2,255
Total current liabilities	6,613	8,418
Long-term Debt	18,118	14,547
Deferred Credits and Other Liabilities		
Deferred income taxes	7,003	5,253
Investment tax credit	175	144
Unrealized losses on mark-to-market and hedging transactions	238	10
Liabilities associated with assets held for sale	18	2,085
Asset retirement obligations	2,301	2,058
Other	7,327	5,020
Total deferred credits and other liabilities	17,062	14,570
Commitments and Contingencies		
Minority Interests	805	749
Common Stockholders' Equity		
Common stock, \$0.001 par value, 2 billion shares authorized; 1,257 million and zero shares outstanding at December 31, 2006 and December 31, 2005, respectively	1	—
Common stock, no par, 2 billion shares authorized; zero and 928 million shares outstanding at December 31, 2006 and December 31, 2005, respectively	—	10,446
Additional paid-in capital	19,854	—
Retained earnings	5,652	5,277
Accumulated other comprehensive income	595	716
Total common stockholders' equity	26,102	16,439
Total Liabilities and Common Stockholders' Equity	\$68,700	\$54,723

See Notes to Consolidated Financial Statements in Duke Energy's 2006 Form 10-K.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Years Ended December 31,		
	2006	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 1,863	\$ 1,824	\$ 1,490
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization (including amortization of nuclear fuel)	2,215	1,884	2,037
Cumulative effect of change in accounting principle	—	4	—
Gains on sales of investments in commercial and multi-family real estate	(201)	(191)	(201)
Gains on sales of equity investments and other assets	(365)	(1,771)	(193)
Impairment charges	48	159	194
Deferred income taxes	250	282	867
Minority Interest	61	538	195
Equity in earnings of unconsolidated affiliates	(732)	(479)	(161)
Purchased capacity levelization	(14)	(14)	92
Contributions to company-sponsored pension plans	(172)	(45)	(279)
(Increase) decrease in			
Net realized and unrealized mark-to-market and hedging transactions	(134)	443	216
Receivables	844	(249)	(231)
Inventory	(24)	(80)	(48)
Other current assets	1,276	(944)	(33)
Increase (decrease) in			
Accounts payable	(1,524)	117	(5)
Taxes accrued	(69)	53	188
Other current liabilities	(594)	622	91
Capital expenditures for residential real estate	(322)	(355)	(322)
Cost of residential real estate sold	143	294	268
Other, assets	1,005	193	(155)
Other, liabilities	194	533	158
Net cash provided by operating activities	3,748	2,818	4,168
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(3,381)	(2,327)	(2,161)
Investment expenditures	(89)	(43)	(46)
Acquisitions, net of cash acquired	(284)	(294)	—
Cash acquired from acquisition of Cinergy	147	—	—
Purchases of available-for-sale securities	(33,436)	(40,317)	(65,929)
Proceeds from sales and maturities of available-for-sale securities	32,596	40,131	65,098
Net proceeds from the sales of equity investments and other assets, and sales of and collections on notes receivable	2,861	2,375	1,619
Proceeds from the sales of commercial and multi-family real estate	254	372	606
Settlement of net investment hedges and other investing derivatives	(163)	(296)	—
Distributions from equity investments	152	383	—
Purchases of emission allowances	(228)	(18)	—
Sales of emission allowances	194	—	—
Other	49	(92)	20
Net cash used in investing activities	(1,328)	(126)	(793)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the:			
Issuance of long-term debt	2,369	543	153
Issuance of common stock and common stock related to employee benefit plans	127	41	1,704
Payments for the redemption of:			
Long-term debt	(2,098)	(1,346)	(3,646)
Preferred stock of a subsidiary	(12)	(134)	(176)
Decrease in cash overdrafts	(2)	—	—
Notes payable and commercial paper	(412)	165	(67)
Distributions to minority interests	(304)	(861)	(1,477)
Contributions from minority interests	247	779	1,277
Dividends paid	(1,488)	(1,105)	(1,065)
Repurchase of common shares	(500)	(933)	—
Proceeds from Duke Energy Income Fund	104	110	—
Other	8	24	19
Net cash used in financing activities	(1,961)	(2,717)	(3,278)
Changes in cash and cash equivalents included in assets held for sale	(22)	3	39
Net increase (decrease) in cash and cash equivalents	437	(22)	136
Cash and cash equivalents at beginning of period	511	533	397
Cash and cash equivalents at end of period	\$ 948	\$ 511	\$ 533
Supplemental Disclosures			
Cash paid for interest, net of amount capitalized	\$ 1,154	\$ 1,089	\$ 1,323
Cash paid (refunded) for income taxes	\$ 460	\$ 546	\$ (339)
Acquisition of Cinergy Corp.			
Fair value of assets acquired	\$ 17,304	\$ —	\$ —
Liabilities assumed	\$ 12,709	\$ —	\$ —
Issuance of common stock	\$ 8,993	\$ —	\$ —
Significant non-cash transactions:			
Conversion of convertible notes to stock	\$ 632	\$ 28	\$ —
AFUDC-equity component	\$ 58	\$ 30	\$ 25
Transfer of DEFS Canadian Facilities	\$ —	\$ 97	\$ —
Debt retired in connection with disposition of business	\$ —	\$ —	\$ 840
Note receivable from sale of southeastern plants	\$ —	\$ —	\$ 48
Remarketing of senior notes	\$ —	\$ —	\$ 1,625

See Notes to Consolidated Financial Statements in Duke Energy's 2006 Form 10-K.

CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME

(In millions)	Accumulated Other Comprehensive Income (Loss)									
	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Foreign Currency Adjustments	Net Gains (Losses) on Cash Flow Hedges	Minimum Pension Liability Adjustment	SFAS No. 158 Adjustment	Other	Total
Balance December 31, 2003	911	\$ 9,513	\$ —	\$ 4,066	\$315	\$ 298	\$(444)	\$ —	\$ —	\$ 13,748
Net income	—	—	—	1,490	—	—	—	—	—	1,490
Other Comprehensive Income	—	—	—	—	279	—	—	—	—	279
Foreign currency translation adjustments	—	—	—	—	279	—	—	—	—	279
Foreign currency translation adjustments reclassified into earnings as a result of the sale of Asia-Pacific Business	—	—	—	—	(54)	—	—	—	—	(54)
Net unrealized gains on cash flow hedges ^b	—	—	—	—	—	311	—	—	—	311
Reclassification into earnings from cash flow hedges ^c	—	—	—	—	—	(83)	—	—	—	(83)
Minimum pension liability adjustment ^d	—	—	—	—	—	—	28	—	—	28
Total comprehensive income	—	—	—	—	—	—	—	—	—	1,971
Dividend reinvestment and employee benefits	5	128	—	—	—	—	—	—	—	128
Equity offering	41	1,625	—	—	—	—	—	—	—	1,625
Common stock dividends	—	—	—	(1,018)	—	—	—	—	—	(1,018)
Preferred and preference stock dividends	—	—	—	(9)	—	—	—	—	—	(9)
Other capital stock transactions, net	—	—	—	(4)	—	—	—	—	—	(4)
Balance December 31, 2004	957	\$ 11,266	\$ —	\$ 4,525	\$540	\$ 526	\$(416)	\$ —	\$ —	\$ 16,441
Net income	—	—	—	1,824	—	—	—	—	—	1,824
Other Comprehensive Income	—	—	—	—	306	—	—	—	—	306
Foreign currency translation adjustments ^a	—	—	—	—	306	—	—	—	—	306
Net unrealized gains on cash flow hedges ^b	—	—	—	—	—	413	—	—	—	413
Reclassification into earnings from cash flow hedges ^c	—	—	—	—	—	(1,026)	—	—	—	(1,026)
Minimum pension liability adjustment ^d	—	—	—	—	—	—	356	—	—	356
Other ^f	—	—	—	—	—	—	—	—	17	17
Total comprehensive income	—	—	—	—	—	—	—	—	—	1,890
Dividend reinvestment and employee benefits	3	85	—	—	—	—	—	—	—	85
Stock repurchase	(33)	(933)	—	—	—	—	—	—	—	(933)
Conversion of debt	1	28	—	—	—	—	—	—	—	28
Common stock dividends	—	—	—	(1,093)	—	—	—	—	—	(1,093)
Preferred and preference stock dividends	—	—	—	(12)	—	—	—	—	—	(12)
Other capital stock transactions, net	—	—	—	33	—	—	—	—	—	33
Balance December 31, 2005	928	\$ 10,446	\$ —	\$ 5,277	\$846	\$ (87)	\$ (60)	\$ —	\$ 17	\$ 16,439
Net income	—	—	—	1,863	—	—	—	—	—	1,863
Other Comprehensive Income	—	—	—	—	103	—	—	—	—	103
Foreign currency translation adjustments	—	—	—	—	103	—	—	—	—	103
Net unrealized gains on cash flow hedges ^b	—	—	—	—	—	6	—	—	—	6
Reclassification into earnings from cash flow hedges ^c	—	—	—	—	—	36	—	—	—	36
Minimum pension liability adjustment ^d	—	—	—	—	—	—	(1)	—	—	(1)
Other ^f	—	—	—	—	—	—	—	—	(15)	(15)
Total comprehensive income	—	—	—	—	—	—	—	—	—	1,992
Retirement of old Duke Energy shares	(927)	(10,399)	—	—	—	—	—	—	—	(10,399)
Issuance of new Duke Energy shares	927	1	10,398	—	—	—	—	—	—	10,399
Common stock issued in connection with Cinergy merger	313	—	8,993	—	—	—	—	—	—	8,993
Conversion of Cinergy options to Duke Energy options	—	—	59	—	—	—	—	—	—	59
Dividend reinvestment and employee benefits	6	22	172	—	—	—	—	—	—	194
Stock repurchase	(17)	(69)	(431)	—	—	—	—	—	—	(500)
Common stock dividends	—	—	—	(1,488)	—	—	—	—	—	(1,488)
Conversion of debt to equity	27	—	632	—	—	—	—	—	—	632
Tax benefit due to conversion of debt to equity	—	—	34	—	—	—	—	—	—	34
Adjustment due to SFAS No. 158 adoption ^e	—	—	—	—	—	—	61	(311)	—	(250)
Other capital stock transactions, net	—	—	(3)	—	—	—	—	—	—	(3)
Balance December 31, 2006	1,257	\$ 1	\$ 19,854	\$ 5,652	\$949	\$ (45)	\$ —	\$(311)	\$ 2	\$ 26,102

^a Foreign currency translation adjustments, net of \$62 tax benefit in 2005. The 2005 tax benefit related to the settled net investment hedges (see Note 8 to the Consolidated Financial Statements in Duke Energy's 2006 Form 10-K). Substantially all of the 2005 tax benefit is a correction of an immaterial accounting error related to prior periods.

^b Net unrealized gains on cash flow hedges, net of \$3 tax expense in 2006, \$233 tax expense in 2005, and \$170 tax expense in 2004.

^c Reclassification into earnings from cash flow hedges, net of \$19 tax expense in 2006, \$583 tax benefit in 2005, and \$45 tax benefit in 2004. Reclassification into earnings from cash flow hedges in 2006, is due primarily to the recognition of Duke Energy North America's (DENA) unrealized net gains related to hedges on forecasted transactions which will no longer occur as a result of the sale to LS Power of substantially all of DENA's assets and contracts outside of the Midwestern United States and certain contractual positions related to the Midwestern assets (see Notes 8 and 13 to the Consolidated Financial Statements in Duke Energy's 2006 Form 10-K).

^d Minimum pension liability adjustment, net of \$0 tax benefit in 2006, \$228 tax expense in 2005, and \$18 tax expense in 2004.

^e Adjustment due to SFAS No. 158 adoption, net of \$144 tax benefit in 2006. Excludes \$595 recorded as a regulatory asset (see Note 22 to the Consolidated Financial Statements in Duke Energy's 2006 Form 10-K).

^f Net of \$9 tax benefit in 2006, and \$10 tax expense in 2005.

See Notes to Consolidated Financial Statements in Duke Energy's 2006 Form 10-K.

NON-GAAP FINANCIAL MEASURES

2006 AND 2005 ONGOING DILUTED EARNINGS PER SHARE (“EPS”)

Duke Energy’s 2006 Summary Annual Report references 2006 and 2005 ongoing diluted EPS of \$1.81 and \$1.73, respectively. Ongoing diluted EPS is a non-GAAP (generally accepted accounting principles) financial measure, as it represents diluted EPS from continuing operations plus the per-share effect of any discontinued operations from our Crescent Resources real estate development company (“Crescent”) prior to the deconsolidation of Crescent in September 2006, adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The following is a reconciliation of reported diluted EPS from continuing operations to ongoing diluted EPS for 2006 and 2005:

	2006	2005
Diluted EPS from continuing operations, as reported	\$ 1.70	\$ 2.60
Diluted EPS from discontinued operations, as reported	(0.13)	(0.72)
Diluted EPS, as reported	1.57	1.88
Adjustments to reported EPS:		
Diluted EPS from discontinued operations excluding Crescent Resources, and cumulative effect of change in accounting principle	0.13	0.73
Diluted EPS impact of special items (see detail below)	0.11	(0.88)
Diluted EPS, ongoing	\$1.81	\$1.73

The following is the detail of the \$(0.11) in special items impacting diluted EPS for 2006:

(In millions, except per-share amounts)	Pre-Tax Amount	Tax Effect	2006 Diluted EPS Impact
Natural Gas Transmission gain on contract settlement	\$ 24	\$ (8)	\$ 0.01
Duke Energy portion of gain on Duke Energy Field Services’ (“DEFS”) asset sale	14	(5)	0.01
Costs to achieve the Cinergy merger	(128)	45	(0.07)
Costs to achieve the spinoff of Spectra Energy	(60)	7	(0.05)
Impairment of Campeche investment	(50)	—	(0.04)
Gain on sale of interest in Crescent	246	(124)	0.10
Gain related to the issuance of units of Natural Gas Transmission’s Canadian income fund	15	(5)	0.01
Settlement reserves	(165)	58	(0.09)
Impairment of Bolivia investment	(28)	31	—
Tax adjustment	—	8	0.01
Total Diluted EPS impact			\$(0.11)

The following is the detail of the \$0.88 in special items impacting diluted EPS for 2005:

(In millions, except per-share amounts)	Pre-Tax Amount	Tax Effect	2005 Diluted EPS Impact
Gain on sale of TEPPCO GP (net of minority interest of \$343 million)	\$791	\$(293)	\$ 0.51
Gain on sale of TEPPCO LP units	97	(36)	0.06
Loss on de-designation of Field Services’ hedges, net of settlements on 2005 positions	(23)	9	(0.01)
Additional liabilities related to mutual insurance companies	(28)	10	(0.02)
Gain on transfer of 19.7 percent interest in DEFS to ConocoPhillips	576	(213)	0.37
Impairment of Campeche investment	(20)	6	(0.01)
Initial and subsequent net mark-to-market gains on de-designating Southeast Duke Energy North America (“DENA”) hedges	21	(8)	0.01
Loss on Southeast DENA contract termination	(75)	28	(0.04)
Tax adjustments	—	12	0.01
Total Diluted EPS impact			\$ 0.88

PROCEEDS FROM CERTAIN SIGNIFICANT 2006 DISPOSITION TRANSACTIONS

Duke Energy’s 2006 Summary Annual Report references the nearly \$2 billion in after-tax proceeds raised from selling the commercial marketing and trading (“CMT”) operations and effectively half of Crescent. The following represents the components of the after-tax proceeds from these transactions:

(In millions)	
Proceeds related to Creation of Crescent Joint Venture	
Net proceeds from issuance of debt by Crescent	\$1,190
Proceeds received from sale of equity interest	415
Estimated income tax payments resulting from transaction	(135)
Reduction in reported cash due to deconsolidation of Crescent	(30)
Net after-tax proceeds	\$1,440
Proceeds on Sale of CMT	
Net proceeds received (including working capital and base price)	\$700
Estimated income tax payments resulting from transaction	(145)
Net after-tax proceeds	\$555
Total combined net after-tax proceeds	\$1,995

2007 EMPLOYEE INCENTIVE TARGET MEASURE

Duke Energy's 2006 Summary Annual Report references the company's 2007 employee incentive target. The EPS measure used for employee incentive bonuses is based on ongoing diluted EPS. Ongoing diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast any special items for any future periods.

ANTICIPATED ONGOING DILUTED EPS GROWTH PERCENTAGES

Duke Energy's 2006 Summary Annual Report references the company's anticipated growth in ongoing diluted EPS through the end of 2009. These growth percentages are based on anticipated ongoing diluted EPS. Ongoing diluted EPS is a non-GAAP financial measure, as it represents diluted EPS from continuing operations adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast any special items for any future periods.

FORECASTED 2007 ONGOING SEGMENT AND TOTAL SEGMENT EBIT

Duke Energy's 2006 Summary Annual Report includes a discussion of forecasted 2007 ongoing EBIT for each of Duke Energy's reportable segments as a percentage of forecasted 2007 ongoing total segment EBIT. Forecasted 2007 ongoing segment and total segment EBIT amounts are non-GAAP financial measures, as they reflect segment and total segment EBIT, adjusted for the impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for forecasted ongoing segment EBIT is reported segment EBIT from continuing operations, which includes the impact of special items. The most directly comparable GAAP measure for ongoing total segment EBIT is reported total segment EBIT, which includes the impact of special items. Due to the forward-looking nature of these non-GAAP financial measures for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as management is unable to forecast any special items for any future periods.