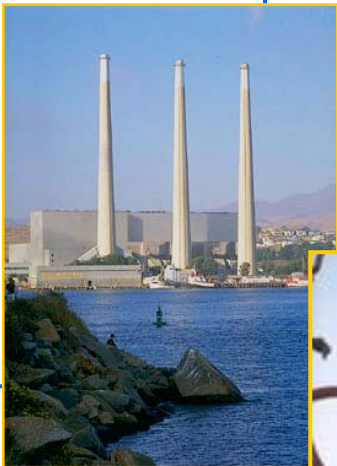


Fourth Quarter Earnings 2003

Paul Anderson
Chairman and Chief Executive Officer

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Group Vice President and
Chief Financial Officer

January 29, 2004



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 accounting pronouncements, growth in opportunities for the Company's subsidiaries and diversified operations, and other risks described in the Company's Securities and Exchange Commission filings.

Regulation G

This document may include certain non-GAAP financial measures as defined under SEC Regulation G. In such an event, 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 website at:

www.duke-energy.com/investors/financial/gaap/

2003 Earnings per Share

Primary drivers for 2003

	2002	2003
Reported EPS	\$1.22	\$(1.48)
Special Items	\$0.66	\$2.76
Ongoing EPS	<u>\$1.88</u>	<u>\$1.28</u>

Significantly lower earnings at DENA due to depressed market conditions, lower pricing and volatility

Two additional months of earnings from Westcoast acquisition

Higher depreciation, amortization and O&M expenses at Franchised Electric

\$2.76 in special items primarily related to reducing the scope and scale of DENA, DEI's exit from Asia Pacific and Europe, severance and related charges, and net gains on asset sales during the year

Reconciliation to 2003 Ongoing Segment EBIT

	Franchised Electric	Natural Gas Transmission	Field Services (Cont Ops)	DENA	International (Cont Ops)	Other Operations (Cont Ops)	Other	Total Segment EBIT
Reported Segment EBIT	\$ 1,403	\$ 1,317	\$ 192	\$(3,341)	\$ 210	\$ 153	\$ (292)	\$ (358)
<u>Special Items:</u>								
Asset impairments & DETM charges				(2,826)*				(2,826)
Disqualified hedges				(262)				(262)
Write-off of risk system							(51)	(51)
Brazil environmental reserve					(26)			(26)
Goodwill write-down				(254)				(254)
Gains/(losses) on asset sales	6	96	8	97				207
Severance and related costs	(79)	(29)	(4)	(10)	(3)	(9)	(19)	(153)
Regulatory settlement	(30)			(17)				(47)
Total Special Items	\$ (103)	\$ 67	\$ 4	\$(3,272)	\$ (29)	\$ (9)	\$ (70)	\$ (3,412)
Ongoing Segment EBIT	\$ 1,506	\$ 1,250	\$ 188	\$ (69)	\$ 239	\$ 162	\$ (222)	\$ 3,054

* Includes certain items that are classified on the income statement as Losses/Gains on Sales of Assets

Fourth Quarter 2003 Earnings per Share



Primary drivers for Fourth Qtr 2003

Lower earnings at DENA due to continued depressed market conditions, lower pricing and volatility

Higher depreciation, amortization and O&M expenses at Franchised Electric

\$2.45 in special items related to:

Plant impairments and DETM charges	\$ (1.97)
Redesignation of hedges to MTM	(18) ¢
Charges and impairments for Australia and Europe	(25) ¢
Write-off of risk management system	(4) ¢
Severance and related charges	(3) ¢
DEI reserve and charges for environmental settlements in Brazil	(2) ¢
Tax adjustments	3 ¢
Net gain on asset sales	1 ¢

	4Q02	4Q03
Reported EPS	\$ (0.06)	\$ (2.23)
Special Items	0.38	2.45
Ongoing EPS	<u>\$ 0.32</u>	<u>\$ 0.22</u>

Franchised Electric

Fourth Quarter 2003

Higher depreciation and amortization expense due to Clean Air amortization and new capital additions

Lower sales due to milder weather in the quarter and lower off-system sales to wholesale customers

Severance and related charges of \$32 million taken in the fourth quarter

Higher residential and commercial sales were partially offset by lower industrial sales

Fourth Quarter 2002 results included a \$89 million charge for storm expenses, a settlement charge of \$19 million and severance of \$14 million

Segment EBIT (\$ millions)

	4Q02	4Q03
Reported Segment EBIT	\$ 248	\$ 197
Special Items	122	29
Ongoing Segment EBIT	<u>\$ 370</u>	<u>\$ 226</u>

Natural Gas Transmission

Fourth Quarter 2003

Segment EBIT
(\$ millions)

Foregone earnings of approximately \$19 million were partially offset by incremental earnings from business expansion projects

Gains on asset sales of \$16 million

Severance and related charges of \$11 million

Fourth Quarter 2002 results included a \$9 million severance charge

	4Q02	4Q03
Reported Segment EBIT	\$ 294	\$ 308
Special Items	9	(5)
Ongoing Segment EBIT	\$ 303	\$ 303

Field Services

Fourth Quarter 2003

Higher NGL pricing for the quarter of 54¢ compared with 45¢ last year, offset by higher depreciation and O&M expenses

Severance & related charges of \$4 million

EBIT sensitivities (net to Duke)

NGL: + / - 1¢/gal = + / - \$6 million EBIT

Natural gas:

+ / - 10¢/MMBtu = - / + \$0.7 million EBIT

Segment EBIT
(\$ millions)

	4Q02	4Q03
Reported Segment EBIT	\$ 49	\$ 52
Special Items	--	7
Ongoing Segment EBIT	\$ 49	\$ 59

Duke Energy North America

Fourth Quarter 2003

Lower earnings from energy generation due to low spark spread and oversupply

Higher depreciation related to new projects

\$3,088 million in charges related to plant impairments, wind-down costs associated with DETM and disqualified hedges related to the asset impairments

Severance and related charges of \$5 million

Gain on asset sale of \$3 million

Fourth Quarter 2002 results included charges totaling \$37 million for an information technology system write-off, plant demobilization costs and severance charges

Segment EBIT (\$ millions)

	4Q02	4Q03
Reported Segment EBIT	\$ 26	\$(3,164)
Special Items	37	3,090
Ongoing Segment EBIT	<u>\$ 63</u>	<u>\$ (74)</u>

EBIT Analysis

(\$ in millions)

	<u>2003 Actual</u>
Total Gross Margin	\$ 653
Operating Expenses:	
O&M	(322)
Depreciation	(237)
General and Administrative	(210)
Minority Interest	47
Total Operating Expenses	<u>(722)</u>
EBIT before special items	\$ (69)
Asset impairments & DETM charges	(2,826)
Disqualified hedges	(262)
Net Gains on Asset Sales	97
Goodwill impairment	(254)
CFTC settlement (net to Duke)	(17)
Severance costs	(10)
Reported Segment EBIT	<u><u>\$(3,341)</u></u>

Trading Disclosures

as of December 31, 2003

Owned Assets – Merchant Plant Production and Estimated Production Sold

	2004 *	2005 *	2006 *
Total estimated available production (millions of MWh)	65	65	65
Estimated production (millions of MWh)			
Combined cycle	20	24	26
Peaker	-	1	1
Total estimated production	20	25	27
Estimated production sold	93%	66%	66%
Average price sold (\$/MWh)	\$44	\$45	\$42

* Excludes volumes and hedges associated with plants in the Southeast and deferred plants

International Energy

Fourth Quarter 2003

Higher earnings from Latin American operations and National Methanol

\$26 million reserve and charges for environmental settlements in Brazil

Fourth quarter of 2002 included severance charge of \$4 million



Current year and prior year earnings and related charges for Asia Pacific and European operations moved to discontinued operations

Segment EBIT from continuing operations
(\$ millions)

	4Q02	4Q03
Reported Segment EBIT	\$ 23	\$ 36
Special Items	4	26
Ongoing Segment EBIT	<u>\$ 27</u>	<u>\$ 62</u>

Non-Strategic Asset Sales

(\$ in millions)

	Gross Proceeds	After-tax Proceeds	Oper. Income	
			2003	2004
<i>Announced/Closed</i>				
Empire Pipeline	\$ 237 ⁽¹⁾			
American Ref-Fuel	378			
Alliance/Aux Sable	251			
Northern Border units	24			
TEPPCO units	114			
DCP loan monetization	212			
Field Services assets	105			
Foothills Pipeline	75			
Puncakjaya (Indonesia)	300 ⁽²⁾			
Vector	145			
Pacific Northern Gas	82 ⁽³⁾			
Vermillion 25% interest	44			
Energy Delivery Services	19			
CTR – France	66			
<i>Total Asset Sales</i>	\$ 2,052			\$ 1,800

(1) Includes \$58 million of debt assumed

(2) Includes \$222 million of proportional debt assumed; balance sheet debt will be reduced by \$259 million

(3) Includes \$66 million of debt assumed

Duke Energy: Capital Structure

(\$ in millions)

	2003A	2004E
Debt Issuances	\$ 3,000	\$ 1,700
Debt Maturities & Reductions ¹	\$ (5,200)	\$ (4,800) ²
Ending Debt Balance	\$ 22,000 ²	\$ 18,900
Debt/Total Capitalization ³	58%	52%

1 Includes the effect of changes in commercial paper

2 Approximately \$900 million of debt associated with discontinued operations is now classified as "Liabilities associated with assets held for sale". When these assets are sold, this will no longer be on the balance sheet.

3 Includes the effect of special charges taken in the fourth quarter of 2003

2003 Recap

Duke Energy strengthened the company's balance sheet and positioned its businesses for future improvements and growth

Generated gross proceeds in excess of \$2 billion from asset sales

Constrained capital spending to less than \$2.8 billion

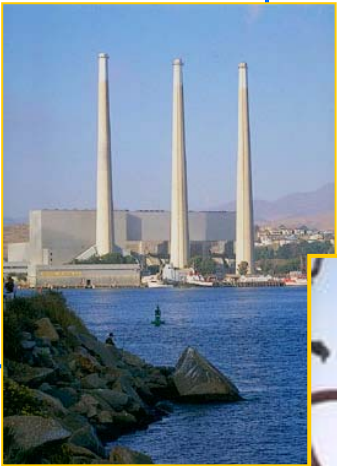
Reduced debt by \$2.2 billion at Duke Energy

\$3.7 billion at Duke Capital

Repositioned DENA to be a smaller, more focused merchant business

Reduced the scope of international operations

Reduced regulatory and legal risk and uncertainty



Q&A

Duke Capital Corporation
Debt Reduction Reconciliation
(\$ in millions)

Issuances of long-term debt	\$	216
Payments for the redemption of long-term debt, guaranteed preferred beneficial interests and preferred member interests and net paydown of commercial paper and notes payable		(3,518)
Assumed debt from asset sales		<u>(387)</u>
Total debt reduction	\$	<u><u>(3,689)</u></u>