

Duke Energy North America

Reconciliation of Merchant Energy Gross Margin and Segment EBIT Analysis

From the Earnings Release Supplemental Disclosures to the Earnings Release Table

Year-to-date December 31, 2004

(\$ in millions)

Merchant Energy Gross Margin	Revised * 1Q04	2Q04	Adjustment for discontinued operations	3Q04	4Q04	YTD	Difference	Per DENA Segment EBIT Analysis table (non-GAAP)
Mark-to-market gross margin (loss)	\$ (93)	\$ 22	\$ -	\$ 47	\$ (1)	\$ (25)	\$ - a)	\$ (25)
Accrual gross margin (loss)	54	104	(8)	83	81	314	-	314
Total gross margin	\$ (39)	\$ 126	\$ (8)	\$ 130	\$ 80	\$ 289	\$ -	\$ 289
Reconciliation to Segment EBIT:								
Plant depreciation	(47)	(39)	1	(39)	(39)	(163)	-	(163)
Plant operating and maintenance expenses	(85)	(82)	8	(61)	(73)	(293)	28 b)	(265)
General and administrative and other expenses	(44)	(38)	1	(35)	(47)	(163)	(8) c)	(171)
Minority interest benefit (expense)	14	7	(1)	(13)	23	30	(20) see below	10
Other income (expense), net	(4)	3	-	7	7	13	(1)	12
Gain (loss) on sales of other assets, net	(352)	(16)	-	(6)	126	(248)	248 d)	-
Other items presented in the earnings release slide:								
Gain (loss) on asset sales/other						-	(211) b),d)	(211)
Gain (loss) on asset sales at DETM						-	(39) b),d)	(39)
Enron settlement						-	108 c)	108
Western energy market settlement						-	(105) c)	(105)
DENA Segment EBIT	\$ (557)	\$ (39)	\$ 1	\$ (17)	\$ 77	\$ (535)	\$ -	\$ (535)

a) Although no YTD difference, see detail of differences for M-T-M Gross Margin by quarter due to minority interest included in changes in MTM portfolio figures in the DENA Segment EBIT Analysis table.

b) \$28 represents (i) \$26 plant operating and maintenance expenses and (ii) \$2 asset impairment true-up included in Gain (loss) on asset sales/other in the DENA Segment EBIT Analysis table.

c) (\$8) represents Enron and Western energy market settlements shown net as a part of G&A in the supplemental disclosures.

These are shown separately in the DENA Segment EBIT Analysis table: (i) \$108 Enron settlement and (ii) (\$105) Western energy market settlement. In addition, the \$108 Enron is net of \$5 in minority interest expense in the DENA Segment EBIT Analysis table.

d) \$248 represents the following items shown separately in the DENA Segment EBIT Analysis table: (i) (\$211) Gain (loss) on asset sales/other and (ii) \$(39) Gain (loss) on asset sales at DETM, partially offset by \$25 in net minority interest benefit related to DETM asset sales (Q1, Q2, and Q4). This is partially offset by the \$2 asset impairment in note b).

Detail of differences	
M-T-M Gross Margin	Minority Interest
6 Q1	- a)
2 Q2	5 c)
(7) Q3	(25) d)
(1) Q4	
- total	(20) total

* Revised from amounts originally published for changes reflected in Duke Energy's form 10-Q for the first quarter 2004.