

Duke Energy Corporation  
Non-GAAP Reconciliation Schedules  
Year-end 2004 Earnings Release

2005 and Beyond Ongoing Segment EBIT and Related Growth Percentages

The Company's slides for the Year-end 2004 Earnings Review include a discussion of forecasted ongoing EBIT for 2005 for certain segments and, for certain segments, a discussion of a forecasted ongoing segment EBIT growth rate, which is based on historical and forecasted ongoing segment EBIT. Ongoing segment EBIT, and related growth rates, are non-GAAP financial measures as they represent reported segment EBIT adjusted for "special items," which represent certain charges which management believes will not be recurring on a regular basis. When used for future periods, ongoing segment EBIT may also include any amounts that may be reported as discontinued operations. The most directly comparable GAAP measure for ongoing segment EBIT is reported segment EBIT, which represents EBIT from continuing operations, including any "special items." Due to the forward-looking nature of forecasted ongoing segment EBIT, and related growth rates, 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 the Company is unable to project any "special items" or any amounts that may be reported as discontinued operations for any future periods.

2005 Duke Energy Compensation Target and Minimum

The Company's slides for the Year-end 2004 Earnings Review include a discussion of the \$1.60 and \$1.45 per ongoing basic share compensation target and minimum amounts, respectively, for 2005. This earnings-per-share measure used for employee incentive bonuses should track ongoing basic earnings per share, which is a non-GAAP financial measure as it excludes the per-share effects any "special items," which represent certain charges which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure is basic earnings per share for 2005. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile such non-GAAP financial measures to the most directly comparable GAAP financial measure is not available at this time as the Company is unable to project any "special items" for 2005.

Duke Energy Corporation  
Twelve Months Ended December 31, 2004  
Ongoing Basic Earnings per Share  
(amounts in millions, except EPS)

	<u>Pre-tax Amount</u>	<u>Tax Effect</u>	<u>Basic EPS Impact</u>
Special Items:			
<u>First Quarter 2004</u>			
- Gain on sale of Australian assets	\$256	(\$18)	\$0.26
- Net loss on sale of DENA assets, primarily anticipated sale of southeast U.S. plants	(359)	134	(0.25)
- Gains on sale of other assets, including Caribbean Nitrogen Co.	14	(5)	0.01
- Charge related to planned sale of Cantarell investment	(13)	5	(0.01)
subtotal first quarter 2004			<u>0.01</u>
<u>Second Quarter 2004</u>			
- Enron settlement (net of minority interest of \$5 million)	130	(46)	0.09
- True up on net gain on sale of International Energy Assets	38	(9)	0.03
- California and western U.S. energy markets settlement	(105)	37	(0.07)
- Net losses on asset sales (net of minority interests of \$6 million)	(8)	3	0.00
Interest on related litigation reserve	(12)	4	(0.01)
subtotal second quarter 2004			<u>0.04</u>
<u>Third Quarter 2004</u>			
- Tax benefit from restructuring	0	48	0.05
- Asset impairments, losses on asset sales and write down of equity investment at DEFS (net of minority interest of \$26 million)	(42)	16	(0.03)
- Net gains on asset sales	4	(2)	0.00
- Tax true up on sale of Australian assets	0	5	0.01
subtotal third quarter 2004			<u>0.03</u>
<u>Fourth Quarter 2004</u>			
- Adjustment to captive insurance reserve	64	(22)	0.04
- Net gain on sales of equity investments	10	(3)	0.01
- Loss on asset exchanges	(7)	2	0.00
- Early contract termination charges	(20)	7	(0.01)
- Net gains on asset sales (net of minority interest of \$20 million)	148	(51)	0.10
subtotal fourth quarter 2004			<u>0.14</u>
Impact of changes in shares outstanding			<u>(0.01)</u>
Total Basic EPS impact of special items year-to-date			0.21
Year-to-date Basic EPS, as reported			1.59
Year-to-date Basic EPS, ongoing			<u>\$1.38</u>

Duke Energy Corporation  
 Twelve Months Ended December 31, 2003  
 Ongoing Basic Earnings per Share  
 (amounts in millions, except EPS)

	<u>Pre-tax Amount</u>	<u>Tax Effect</u>	<u>Basic EPS Impact</u>
Special Items:			
<u>First Quarter 2003</u>			
- Cumulative effect of change in accounting principle	(\$256)	\$94	(\$0.18)
- Net gains on asset sales	16	(5)	0.01
subtotal first quarter 2003			<u>(0.17)</u>
<u>Second Quarter 2003</u>			
- Net gains on asset sales (net of minority interest expense of \$8 million)	229	(83)	0.16
subtotal second quarter 2003			<u>0.16</u>
<u>Third Quarter 2003</u>			
- Tax benefit on 2002 goodwill impairment of International Energy European gas trading	0	52	\$0.06
- Net loss on asset sales	(71)	28	(0.05)
- DENA goodwill write-off	(254)	90	(0.18)
- Severance cost associated with work force reduction	(105)	37	(0.08)
- Settlement with the S. C. Public Service Commission	(46)	18	(0.03)
- Settlement with the Commodity Futures Trading Commission (net of minority interest of \$11 million)	(17)	0	(0.02)
subtotal third quarter 2003			<u>(0.30)</u>
<u>Fourth Quarter 2003</u>			
- DENA plant impairments and DETM charges (net of minority interest of \$51 million)	(2,826)	1,046	(1.97)
- DENA redesignation of hedging contracts to mark-to-market	(262)	97	(0.18)
- Charges and impairments for Australia and Europe	(292)	69	(0.25)
- Severance cost associated with work force reduction	(48)	18	(0.03)
- Tax adjustments	--	23	0.03
- DEI reserves and charges for environmental settlements in Brazil	(26)	10	(0.02)
- Write-off of risk management system	(51)	19	(0.04)
- Net gains on asset sales (net of minority interest of \$1 million)	15	(6)	0.01
subtotal fourth quarter 2003			<u>(2.45)</u>
Total Basic EPS impact of special items year-to-date			(2.76)
Year-to-date Basic EPS, as reported			(1.48)
Year-to-date Basic EPS, ongoing			<u>\$1.28</u>

DUKE ENERGY  
 REPORTED TO ONGOING SEGMENT AND OTHER EBIT RECONCILIATION  
 December 2004 Quarter and Year-to-date  
 (Dollars in Millions)

	Special Items									Reported Segment EBIT	
	Ongoing Earnings	Gains (Losses) on Sales of Assets	Gains (Losses) on Sales of Equity Investments	Impairment and Other Related Charges	Early Contract Termination Charges	Enron/ California Settlements, net	Loss on Asset Exchanges	Adjustment to Captive Insurance Reserves	Total		
<b>EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>											
<b>December 2004 Quarter-to-Date</b>											
<b>EBIT BY BUSINESS SEGMENT</b>											
Franchised Electric	\$ 252	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 252
Gas Transmission	321	4	11	-	-	-	-	-	-	15	336
Field Services	128	-	-	-	-	-	-	-	-	-	128
Duke Energy North America	(50)	146 <b>A</b>	-	1	(20) <b>B</b>	-	-	-	-	127	77
International Energy	64	(3)	-	-	-	-	-	-	-	(3)	61
Crescent	50	-	-	-	-	-	-	-	-	-	50
Other	(80)	-	(1)	-	-	-	(4) <b>C</b>	64 <b>B</b>	-	59	(21)
<b>December 2004 Year-to-Date</b>											
Franchised Electric	\$ 1,464	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 1,467
Gas Transmission	1,278	16	16	-	-	-	-	-	-	32	1,310
Field Services	404	1 <b>D</b>	(16) <b>E</b>	(10) <b>F</b>	-	1 <b>B</b>	-	-	-	(24)	380
Duke Energy North America	(288)	(228) <b>G</b>	-	(2)	(20) <b>B</b>	3 <b>B,H</b>	-	-	-	(247)	(535)
International Energy	236	(2)	1	(13) <b>B</b>	-	-	-	-	-	(14)	222
Crescent	240	-	-	-	-	-	-	-	-	-	240
Other	(164)	4	2	-	-	21 <b>B</b>	(4) <b>C</b>	64 <b>B</b>	-	87	(77)

A - Including minority interest benefit of \$20 million.

B - Recorded in operation and maintenance expense.

C - Recorded in other income and expenses, net.

D - Net of minority interest of \$1 million.

E - Including minority interest benefit of \$7 million.

F - Net of minority interest of \$12 million.

G - \$(222) million recorded in gains (losses) on sales of other assets, net (including minority interest benefit of \$26 million) and \$(6) million recorded in operation and maintenance expense.

H - Net of minority interest of \$5 million.

DUKE ENERGY  
 REPORTED TO ONGOING SEGMENT EBIT RECONCILIATION  
 December 2003 Quarter and Year-to-date  
 (Dollars in Millions)

	Special Items											Total	Reported Segment EBIT
	Ongoing Earnings	Gains (Losses) on Sales of Assets	DENA Plant Impairments and DETM Charges	DENA Goodwill Write-off	DENA Redesignation of Hedging Contracts to Mark-to-Market	Environmental Settlements in Brazil	Severance and Related Costs Associated with Work Force Reduction	Settlement with the S.C. Public Service Commission	Settlement with the Commodity Futures Trading Commission				
<b>EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>													
<b>December 2003 Quarter-to-Date</b>													
Franchised Electric	\$ 226	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ (32)	\$ -	\$ -	\$ (29)	\$ 197		
Gas Transmission	303	16 <b>D</b>	-	-	-	-	(11)	-	-	5	308		
Field Services	58	(3) <b>A</b>	-	-	-	-	(4)	-	-	(7)	51		
Duke Energy North America	(77)	6	(2,826) <b>B,G</b>	-	(262) <b>H</b>	-	(5)	-	-	(3,087)	(3,164)		
International Energy	68	(2)	-	-	-	(26)	-	-	-	(28)	40		
Crescent	72	-	-	-	-	-	-	-	-	-	72		
<b>December 2003 Year-to-Date</b>													
Franchised Electric	\$ 1,505	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ (78)	\$ (30)	\$ -	\$ (102)	\$ 1,403		
Gas Transmission	1,253	93 <b>E</b>	-	-	-	-	(29)	-	-	64	1,317		
Field Services	183	8 <b>A,F</b>	-	-	-	-	(4)	-	-	4	187		
Duke Energy North America	(72)	100	(2,826) <b>B,G</b>	(254)	(262) <b>H</b>	-	(10)	-	(17) <b>C</b>	(3,269)	(3,341)		
International Energy	244	-	-	-	-	(26)	(3)	-	-	(29)	215		
Crescent	134	-	-	-	-	-	-	-	-	-	134		

A - Including minority interest benefit of \$1 million.

B - Net of minority interest of \$51 million.

C - Net of minority interest of \$11 million.

D - \$13 million recorded in gains (losses) on sales and impairments of equity investments and \$3 million recorded in gains (losses) on sales of other assets, net.

E - \$89 million recorded in gains (losses) on sales and impairments of equity investments and \$4 million recorded in gains (losses) on sales of other assets, net.

F - \$11 million recorded in gains (losses) on sales and impairments of equity investments and \$(3) million, net of minority interest benefit of \$1 million, recorded in gains (losses) on sales of other assets

G - \$(2,641) million recorded in impairments and other related charges, \$(76) million recorded in gains (losses) on sales of other assets, net (net of minority interest of \$51 million), and \$(109) million recorded in operation and maintenance expense.

H - Recorded in impairment and other related charges.

**Duke Energy Corporation Consolidated**  
**Cash Flow Reconciliation Required by SEC Regulation G**

(\$ in Millions)

	<u>2005</u>
	<u>Duke Energy</u>
<b>Excerpts from Duke Energy Corporation Earnings Call (February 2, 2005)</b>	
Primary Sources of Cash per Presentation:	
Net income (based on \$1.60 ongoing basic per share target)	(a) \$ 1,525
Depreciation and amortization	(a) 2,125
NBV of ongoing Crescent sales	(a) 475
Cash tax carryforwards	(a) 450
Other sources/(uses), net	(a) (150)
Total Sources	<u>\$ 4,425</u>
Primary Uses of Cash per Presentation:	
Capital expenditures	(b) (2,575)
Clean air expenditures	(a) (300)
Dividends	(c) (1,050)
Total Uses	<u>(3,925)</u>
Net Cash	<u>\$ 500</u>

**Reconciliations to amounts per U.S. GAAP reporting:**

Operating cash flow components from above [summation of (a)]	\$ 4,125
Reconciling items to GAAP operating cash flow (1)	<u>(375)</u>
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 3,750</u>
Investing cash flow components from above [summation of (b)]	\$ (2,575)
Reconciling items to GAAP investing cash flow (2)	<u>600</u>
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (1,975)</u>
Financing cash flow components from above [summation of (c)]	\$ (1,050)
Reconciling items to GAAP financing cash flow (3)	<u>(1,400)</u>
Net cash used by financing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (2,450)</u>

Notes:

- (1) Amount primarily consists of non-operating cash flow items, such as proceeds from the sales of commercial and multi-family real estate and net distributions to/contributions from minority interests. In addition, amount reflects capital expenditures for residential real estate.
- (2) Amount primarily consists of proceeds from the sales of commercial and multi-family real estate and capital expenditures for residential real estate.
- (3) Amount primarily consists of estimated net debt repayments and net distributions to/contributions from minority interests.

Duke Energy Corporation  
Fourth Quarter 2004 Earnings and 2005 Outlook  
GAAP Reconciliation - Anticipated Cash Proceeds and Tax Benefits from Sale of Grays Harbor

	<u>(in millions)</u>
Cash Proceeds	\$ 21
Tax benefits	<u>95</u>
Total	<u><u>\$ 116</u></u>

**Duke Energy**  
**Reconciliation of Debt Pay Down to Balance Sheet**  
**(in millions)**

	<u>12/31/2003</u>	<u>12/31/2004</u>	<u>Difference</u>
Long-term debt	\$20,622	\$16,932	(\$3,690)
Current maturities of LTD and preferred stock	1,200	1,832	632
Notes payable and commercial paper	<u>130</u>	<u>68</u>	<u>(62)</u>
<b>Total Debt and Trust Preferred Securities</b>	21,952	18,832	(3,120)
Changes due to foreign currency			(300)
Other cash changes			<u>(89)</u>
<b>Sub-Total</b>			(389)
<b>Redeem Australia Debt</b>			(890)
<b>Redeem WEI Preferred Securities</b>			<u>(176)</u>
<b>Total Change</b>			<u><u>(\$4,575)</u></u>
Total Debt Paydown per Slides			<u><u>(\$4,600)</u></u>