

2003 EBIT

(\$ in millions)

	Franchised Electric	Natural Gas Transmission *	Field Services (Cont Ops)	International (Cont Ops)	Crescent
2003 EBIT	\$1,403	\$1,226	\$192	\$210	\$150

Natural Gas Transmission Reported EBIT *	\$1,317
Gains/(losses) on asset sales	96
Severance and related costs	-29
Total Special Items	\$67
Ongoing Segment EBIT	\$1,250
EBIT generated in 2003 from assets sold in 2003	\$24
Adjusted 2003 EBIT	\$1,226

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

(\$ in Millions)

	2004	
	Duke Energy	Duke Capital
Excerpts from Duke Energy Corporation Analyst Call (January 7, 2004)		
Primary Sources of Cash per Presentation:		
Net income	(a) \$ 1,100	\$ 450
Depreciation and amortization	(a) 2,075	1,050
NBV of ongoing Crescent inventory sales	(a) 550	550
NBV of energy asset sales	(b) 1,500	1,500
Deferred income taxes	(a) 450	475
Other sources/(uses), net	(a) (225)	25
Subtotal	5,450	4,050
Equity (DRIP, mandatory converts, parent infusion)	(c) 1,875	-
Total Sources	<u>\$ 7,325</u>	<u>\$ 4,050</u>
Primary Uses of Cash per Presentation:		
Capital expenditures	(b) (2,225)	(1,300)
Dividends	(c) (1,050)	-
Total Uses	<u>(3,275)</u>	<u>(1,300)</u>
Positive Net Cash	<u>\$ 4,050</u>	<u>\$ 2,750</u>
Reconciliations to amounts per U.S. GAAP reporting:		
Operating cash flow components from above [summation of (a)]	\$ 3,950	\$ 2,550
Reconciling items to GAAP operating cash flow (1)	175	175
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 4,125</u>	<u>\$ 2,725</u>
Investing cash flow components from above [summation of (b)]	\$ (725)	\$ 200
Reconciling items to GAAP investing cash flow (2)	(925)	(925)
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (1,650)</u>	<u>\$ (725)</u>
Financing cash flow components from above [summation of (c)]	\$ 825	\$ -
Reconciling items to GAAP financing cash flow (3)	(3,475)	(2,200)
Net cash used by financing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (2,650)</u>	<u>\$ (2,200)</u>

Notes:

- (1) Amount primarily consists of non-operating cash flow items, such as net distributions to/contributions from minority interests.
- (2) Amount primarily consists of disposition of debt associated with energy asset sales.
- (3) Amount primarily consists of estimated net debt repayments and net distributions to/contributions from minority interests.

Duke Energy
Ongoing EPS reconciliations for Reg G
2003 and 2002

Special items for the quarters and for the years ending December 31, 2003 and 2002, respectively, include:

(\$ in Millions)	Pre-Tax Amount	Tax Effect	2003 EPS Impact	2002 EPS Impact
Fourth Quarter 2003				
• DENA plant impairments and DETM charges	(\$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 and related charges	(48)	18	(0.03)	--
• Tax adjustments	--	23	0.03	--
• DEI reserve and charges for environmental settlements in Brazil	(26)	10	(0.02)	--
• Write-off of risk management system	(51)	19	(0.04)	--
• Net gain on asset sales	15	(6)	.01	--
Fourth Quarter 2002				
• Impairment of goodwill at DEI for European gas trading	(\$194)	--	--	(\$0.22)
• Expenses at Franchised Electric associated with December 2002 ice storm	(\$89)	35	--	(0.06)
• Severance charges, including corporate-level severance of \$18 million	(\$70)	30	--	(0.04)
• Asset impairments at Field Services	(\$28)	10	--	(0.02)
• Information technology system write-off at DENA	(\$24)	9	--	(0.02)
• Previously announced settlement with North Carolina Utility Commission and Public Service Commission of South Carolina	(\$19)	7	--	(0.01)
• Demobilization costs at DENA	(\$10)	4	--	(0.01)
TOTAL EPS IMPACT			(\$2.45)	(\$0.38)
EPS, as reported			(\$2.23)	(\$0.06)
EPS, ongoing			\$0.22	\$0.32

Special items for 2003:

(\$ in Millions)	Pre-Tax Amount	Tax Effect	2003 EPS Impact	2002 EPS Impact
Subtotal – 4th quarter (previously listed items)			(\$2.45)	(\$0.38)
Prior 2003 special items				
• Net gain on asset sales	170	(60)	0.12	
• Tax benefit on 2002 goodwill impairment of International Energy European gas trading	--	52	0.06	
• Cumulative effect of accounting changes	(256)	94	(0.18)	
• DENA goodwill write-off	(254)	90	(0.18)	
• Severance associated with work force reductions	(105)	37	(0.08)	
• Settlement with the South Carolina Public Service Commission	(46)	18	(0.03)	
• Settlement with the Commodities Futures Trading Commission	(17)	--	(0.02)	
Special items yearly total for 2003				
			(\$2.76)	
EPS, as reported			(\$1.48)	
EPS, ongoing			\$1.28	
Other 2002 special items				
Termination of certain turbines on order, plus write-down of other uninstalled turbines	(163)	59		(0.13)
Write-off of site development costs, primarily in California and Brazil	(80)	30		(0.06)
Demobilization costs related to deferral of three merchant power projects	(12)	4		(0.01)
Severance costs associated with reduction in workforce	(33)	10		(0.04)
Partial impairment of a merchant plant as a result of current market outlook	(31)	9		(0.04)
Special items yearly total for 2002				(\$0.66)
EPS, as reported				\$1.22
EPS, ongoing				\$1.88