

Duke Energy Corporation  
First Quarter 2006 Earnings Review – May 2, 2006  
Non-GAAP Reconciliations for SEC Regulation G

**Ongoing Diluted Earnings per Share – Duke Energy and Cinergy Corp.**

The slides and prepared remarks for Duke Energy's May 2, 2006, Earnings Review include a discussion of Duke Energy's ongoing diluted earnings per share ("EPS") and related anticipated future growth rates. Ongoing Diluted EPS for Duke Energy is a non-GAAP financial measure as it represents diluted EPS from continuing operations plus any discontinued operations from its Crescent Resources real estate unit, adjusted for the impact of special items, as a measure to evaluate operations of the company. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The amount presented as ongoing EPS for Cinergy Corp. represents reported diluted EPS adjusted for special items as defined by Duke Energy. 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 ongoing diluted EPS for future periods, information to reconcile such non-GAAP financial measures, and related growth rates to the most directly comparable GAAP financial measure is not available at this time as the company is unable to forecast any special items for future periods.

**2006 EPS Incentive Target Measure**

The slides and prepared remarks for Duke Energy's May 2, 2006, Earnings Review include a discussion of the company's 2006 EPS incentive target of \$1.90. This EPS measure is used for employee incentive bonuses and should track ongoing diluted EPS, which is a non-GAAP financial measure as it represents diluted EPS from continuing operations plus the per-share effect of any discontinued operations from the company's Crescent Resources real estate unit, 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 the company is unable to project any special items for 2006.

**Ongoing EBIT**

The slides and prepared remarks for Duke Energy's May 2, 2006, Earnings Review include a discussion of ongoing EBIT for the following:

- Each existing Duke Energy reportable segment (including ongoing Duke Energy Field Services equity earnings) and Other – First quarter 2006 and 2005
- Cinergy Corp. operations – post-merger nine-month EBIT contribution from Cinergy Corp

- Regulated and Nonregulated operations, in total and by component – 2006

These ongoing EBIT amounts are non-GAAP financial measures, as they represent historical or forecasted reported amounts adjusted for “special items,” which represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for these historical or forecasted ongoing EBIT amounts is segment or Other EBIT, or a combination of such amounts for the appropriate segments or operations, representing EBIT from continuing operations, including any “special items.” Due to the forward-looking nature of forecasted 2006 ongoing EBIT amounts, 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” for any future periods.

**DUKE ENERGY CORPORATION**  
**ONGOING TO REPORTED EARNINGS RECONCILIATION**  
**March 2005 Year-to-date**  
**(Dollars in Millions)**

	Special Items (Note 1)						Total Adjustments	Reported Earnings
	Ongoing Earnings	Mutual insurance liability adjustment	Gains on sales of equity investments	Field Services hedge de-designation, net	MTM change on de-designated Field Services hedges for 2005, net	Discontinued Operations, excluding Crescent Resources		
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>								
Franchised Electric	\$ 336	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 336
Gas Transmission	411	-	-	-	-	-	-	411
Field Services	149	-	888 A	(118) B	-	-	770	919
International Energy	68	-	-	-	-	-	-	68
Crescent	52	-	-	-	-	-	-	52
<b>Total reportable segment EBIT</b>	<b>1,016</b>	<b>-</b>	<b>888</b>	<b>(118)</b>	<b>-</b>	<b>-</b>	<b>770</b>	<b>1,786</b>
Other	(120)	(28) C	-	-	(54) D	-	(82)	(202)
<b>Total reportable segment EBIT and other EBIT</b>	<b>\$ 896</b>	<b>\$ (28)</b>	<b>\$ 888</b>	<b>\$ (118)</b>	<b>\$ (54)</b>	<b>\$ -</b>	<b>\$ 688</b>	<b>\$ 1,584</b>
<b>EARNINGS FOR COMMON</b>								
Total reportable segment EBIT and other EBIT	\$ 896	\$ (28)	\$ 888	\$ (118)	\$ (54)	\$ -	\$ 688	\$ 1,584
Interest Expense	(290)	-	-	-	-	-	-	(290)
Interest Income and other	15	-	-	-	-	-	-	15
Income taxes from Continuing Operations	(195)	10	(329)	44	19	-	(256)	(451)
Discontinued operations, net of taxes	-	-	-	-	-	8 E	8	8
<b>Total Earnings for Common</b>	<b>\$ 426</b>	<b>\$ (18)</b>	<b>\$ 559</b>	<b>\$ (74)</b>	<b>\$ (35)</b>	<b>\$ 8</b>	<b>\$ 440</b>	<b>\$ 866</b>
<b>EARNINGS PER SHARE, BASIC</b>								
	\$ 0.45	\$ (0.02)	\$ 0.59	\$ (0.08)	\$ (0.04)	\$ 0.01	\$ 0.46	\$ 0.91
<b>EARNINGS PER SHARE, DILUTED</b>								
	\$ 0.43	\$ (0.02)	\$ 0.57	\$ (0.07)	\$ (0.04)	\$ 0.01	\$ 0.45	\$ 0.88

Note 1 - Amounts for special items are entered net of minority interest

A - Gain on sale of investment in units of TEPPCO LP, \$97 million, and TEPPCO GP, \$791 million net of \$343 million of minority interest.

B - De-designation of hedges due to proposed sell of 19.7% interest in DEFS to ConocoPhillips. \$125 million loss recorded in Impairment and other charges on the Consolidated Statements of Operations, reduced by \$7 million of hedge settlements recorded in Non-regulated electric, natural gas, natural gas liquids and other revenues on the Consolidated Statements of Operations.

C - Recorded in Operation, maintenance and other on the Consolidated Statements of Operations.

D - Recorded in Non-regulated electric, natural gas, natural gas liquids and other revenues on the Consolidated Statements of Operations.

E - Primarily DENA discontinued operations, net of tax.

Weighted Average Shares (reported and ongoing) - in millions

Basic	954
Diluted	990

**DUKE ENERGY CORPORATION**  
**ONGOING TO REPORTED EARNINGS RECONCILIATION**  
March 2006 Year-to-date  
(Dollars in Millions)

	Special Items (Note 1)						Reported Earnings
	Ongoing Earnings	Costs to Achieve	Initial Gain and Subsequent Net Gain on Contract Settlement	Gain on Sales of Assets	Discontinued Operations	Total Adjustments	
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>							
Franchised Electric	\$ 359		\$ -	\$ -	\$ -	\$ -	\$ 359
Gas Transmission	414	-	24 B	-	-	24	438
Field Services	130	-	-	14 C	-	14	144
International Energy	87	-	-	-	-	-	87
Crescent	42	-	-	-	-	-	42
<b>Total reportable segment EBIT</b>	<b>1,032</b>	<b>-</b>	<b>24</b>	<b>14</b>	<b>-</b>	<b>38</b>	<b>1,070</b>
Other	(80)	(5) A	-	-	-	(5)	(85)
<b>Total reportable segment EBIT and other EBIT</b>	<b>\$ 952</b>	<b>\$ (5)</b>	<b>\$ 24</b>	<b>\$ 14</b>	<b>\$ -</b>	<b>\$ 33</b>	<b>\$ 985</b>
<b>EARNINGS FOR COMMON</b>							
Total reportable segment EBIT and other EBIT	\$ 952	\$ (5)	\$ 24	\$ 14	\$ -	\$ 33	\$ 985
Interest Expense	(250)	-	-	-	-	-	(250)
Interest Income and other	9	-	-	-	-	-	9
Income taxes from Continuing Operations	(247)	2	(8)	(5)	-	(11)	(258)
Discontinued Operations, net of taxes	-	-	-	-	(128) D,E	(128)	(128)
<b>Total Earnings for Common</b>	<b>\$ 464</b>	<b>\$ (3)</b>	<b>\$ 16</b>	<b>\$ 9</b>	<b>\$ (128)</b>	<b>\$ (106)</b>	<b>\$ 358</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 0.50</b>	<b>\$ -</b>	<b>\$ 0.02</b>	<b>\$ 0.01</b>	<b>\$ (0.14)</b>	<b>\$ (0.11)</b>	<b>\$ 0.39</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.48</b>	<b>\$ -</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ (0.13)</b>	<b>\$ (0.11)</b>	<b>\$ 0.37</b>

Note 1 - Amounts for special items are entered net of minority interest

A - Recorded in Operation, maintenance and other on the Consolidated Statements of Operations.

B - \$23 million recorded in Gains on Sales of Other Assets, net and \$1 million recorded in Other income and expenses, net on the Consolidated Statements of Operations.

C - Recorded in Equity in earnings of unconsolidated affiliates on the Consolidated Statements of Operations. Transaction related to sale of Brookeland, Masterscreek and Jasper assets.

D - Excludes Crescent discontinued operations.

E - Primarily DENA discontinued operations. Recorded in Income (Loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	928
Diluted	963

**Duke Energy Corporation**  
**Pro-Forma Equity Earnings for Field Services - 1Q 2005**  
**Non-GAAP Reconciliation for SEC Regulation G**

The slides and prepared remarks for Duke Energy's May 2, 2006 Earnings Release include a discussion of pro-forma DEFS equity earnings for the first quarter 2005, which is a non-GAAP measure as it reflects what ongoing equity earnings (see "Ongoing EBIT" discussion included herein) would have been had Duke Energy's ownership percentage in DEFS been reduced to 50% as of the beginning of 2005. The most directly comparable GAAP measure for pro-forma DEFS equity earnings for the first quarter 2005 is reported segment EBIT for Field Services for the first quarter 2005. A reconciliation of these two measures is included below.

(Amounts in millions)

	<u>Q1 2005</u>
Field Services Reported Segment EBIT 1Q05 (69.7% ownership)	\$ 919
Less: Special Items	
Gains on sale of TEPPCO (net of minority interest of \$343 million)	(888)
Field Services hedge de-designation	118 (770)
Field Services Ongoing Segment EBIT 1Q05	149
Adjustment for hedges not de-designated	34
Adjustment for 19.7% interest transferred $[(149 + 34) * (19.7\% / 69.7\%)]$	(52)
Adjustment for interest and taxes (included in Equity Earnings)	(19)
Other	(3)
Pro-Forma Equity Earnings 1Q05 (from Earnings Review Slides) (a)	<u>\$ 109</u>

(a) - Assumes DEFS LLC was 50% owned by Duke Energy during 1Q 2005 and there were no hedge impacts recognized during the quarter ended March 31, 2005.

**CINERGY CORP.****RECONCILIATION OF GAAP NET INCOME TO ONGOING NET INCOME - 2006***(Unaudited)**(In thousands)*

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	<b>Q1 \$</b>	<b>Q1 EPS</b>
<b>Regulated Businesses</b>		
Net Income As Reported	\$ 34,198	\$ 0.17
Cumulative Effect of a Change in Accounting Principle	2,385	\$ 0.01
Special Items:		
Merger and Severance Costs (net of tax effects of \$15,055)	25,122	0.13
Ongoing Net Income	\$ 61,705	\$ 0.31
<b>Commercial Businesses</b>		
Net Income As Reported	\$ 50,196	\$ 0.25
Discontinued Operations	4,057	0.02
Cumulative Effect of a Change in Accounting Principle	1,094	0.01
Special Items:		
Merger and Severance Costs (net of tax effects of \$7,559)	12,558	0.06
Ongoing Net Income	\$ 67,905	\$ 0.34
<b>Power Technology &amp; Infrastructure Services</b>		
Net Income As Reported	\$ (5,030)	\$ (0.03)
Cumulative Effect of a Change in Accounting Principle	14	-
Special Items:		
Severance Costs (net of tax effects of \$75)	113	-
Ongoing Net Income	\$ (4,903)	\$ (0.03)
<b>Cinergy Corp.</b>		
Net Income As Reported	\$ 79,364	\$ 0.39
Discontinued Operations	4,057	0.02
Cumulative Effect of a Change in Accounting Principle	3,493	0.02
Special Items (net of tax effects of \$22,689)	37,793	0.19
Ongoing Net Income	\$ 124,707	\$ 0.62

**CINERGY CORP.****RECONCILIATION OF GAAP NET INCOME TO ONGOING NET INCOME - 2005***(Unaudited)**(In thousands)*

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	<b>Q1 \$</b>	<b>Q1 EPS</b>
<b>Regulated Businesses</b>		
Net Income As Reported	\$ 75,896	\$ 0.39
Special Items:		
Severance Costs (net of tax effects of \$458)	748	0.01
Ongoing Net Income	\$ 76,644	\$ 0.40
<b>Commercial Businesses</b>		
Net Income As Reported	\$ 45,192	\$ 0.23
Discontinued Operations	(2,477)	(0.01)
Special Items:		
Severance Costs (net of tax effects of \$283)	463	-
Ongoing Net Income	\$ 43,178	\$ 0.22
<b>Power Technology &amp; Infrastructure Services</b>		
Net Income As Reported	\$ (3,732)	\$ (0.02)
Special Items:		
Severance Costs (net of tax effects of \$67)	108	-
Ongoing Net Income	\$ (3,624)	\$ (0.02)
<b>Cinergy Corp.</b>		
Net Income As Reported	\$ 117,356	\$ 0.60
Discontinued Operations	(2,477)	(0.01)
Special Items (net of tax effects of \$808)	1,319	0.01
Ongoing Net Income	\$ 116,198	\$ 0.60

*Certain Regulated Businesses and Commercial Businesses amounts have been restated to conform with current presentation.*