

Duke Energy Corporation
Non-GAAP Reconciliation Schedules
2005 Annual Meeting of Shareholders

2005 Duke Energy Compensation Target

The Company's prepared remarks for the 2005 Annual Meeting of Shareholders include a discussion of the \$1.60 per ongoing basic share compensation target for 2005 and the 33 percentage increase in the 2005 compensation target from the 2004 compensation target of \$1.20 per ongoing basic share. 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 and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measures are basic earnings per share for 2005 and 2004 and the percentage change in basic earnings per share from 2004 to 2005. Due to the forward-looking nature of the ongoing basic share compensation target for 2005, information to reconcile such non-GAAP financial measure and the percentage increase from 2004 to 2005 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. See attached schedule for a reconciliation of the 2004 reported earnings per basic share of \$1.59 to the 2004 ongoing earnings per basic share of \$1.38.

2005 DENA Segment EBIT Loss from Continuing Operations

The Company's prepared remarks related to the 2005 Annual Meeting of Shareholders include a discussion of DENA's adjusted 2005 segment EBIT loss from continuing operations projection of \$150 million. This measure of DENA's segment EBIT loss from continuing operations is a non-GAAP financial measure as it excludes any "special items", as defined by the Company, occurring during the year. The most directly comparable GAAP measure is DENA reported segment EBIT loss from continuing operations for 2005. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile such non-GAAP financial measure 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 the remainder of 2005.

Merger Efficiencies of \$400 million Per Year

The Company's prepared remarks related to the 2005 Annual Meeting of Shareholders include a discussion of expected savings of \$400 million a year related to the announced merger with Cinergy due to efficiencies gained through the combined operations. This savings is a non-GAAP financial measure as it excludes the impact of any efficiencies which will be returned to the Company's regulated customers. The most directly comparable GAAP measure is pretax savings a year reduced by efficiencies returned to the Company's regulated customers. Due to the forward-looking nature of this non-GAAP measure, information to reconcile such non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time as the Company

is unable to forecast the amount of efficiencies which will be returned to the Company's regulated customers on an annual basis.

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)	126	(0.26)
- 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>0.00</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>
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
 Non-GAAP Reconciliation Schedule - 2004 DENA Reported Earnings to Ongoing Earnings
 2005 Annual Meeting of Shareholders

(Amounts in millions)	Actual Year-Ended 12/31/2004	Forecasted Year-Ended 12/31/2005	Percentage Change	
DENA Reported Segment Earnings (EBIT)	\$ (535)			
Special Items:				
Loss on sales of assets (including minority interest benefit of \$26 million)	(228)			
Impairment and other related charges	(2)			
Early contract termination charges	(20)			
Enron/California settlements, net of minority interest of \$5 million	<u>3</u>			
DENA Ongoing Segment Earnings (EBIT)	\$ (288)	\$ (150)	-48%	(about half as much)