

Proven History. Strong Future.



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Chairman and Chief Executive Officer

Deutsche Bank
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Disclosures

Safe Harbor Statement

Under the Private Securities Litigation Act of 1995

This document contains forward looking information which is subject to risks and uncertainties, including, but not limited to, changes in the utility regulatory environment, the impact of competition from other energy suppliers, industrial, commercial and residential growth in the Company's service territory, the results of financing efforts, the effect of the Company's accounting policies, growth in opportunities for the Company's subsidiaries and diversified operations, and other risks described in the Company's Securities and Exchange Commission filings.

SEC Regulation G

Reconciliation of Non-GAAP Financial Measures

This presentation included a discussion of DENA's forward-looking low-risk gross margin variances for the last nine-months of 2003 on slide 6. The presentation of forward-looking low-risk gross margin represents a non-GAAP financial measure as defined under SEC rules. The most directly comparable forward-looking GAAP measure is DENA segment earnings before interest and taxes (EBIT) for the last nine-months of 2003, which represents DENA gross margin reduced by operations and maintenance expenses, general and administrative expenses and depreciation and amortization. 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 measure is not available for any of the scenarios presented without an unreasonable effort.

Also included in the accompanying remarks was a discussion concerning DENA's gross margin for 2004. The \$400 million of 2004 currently hedged gross margin represents a non-GAAP financial measure as defined under SEC rules. The most directly comparable GAAP measure is DENA segment earnings before interest and taxes (EBIT) for 2004, which represents DENA gross margin reduced by operations and maintenance expenses, general and administrative expenses and depreciation and amortization. Later this year, after Duke Energy has completed its budget process, DENA will be able to provide a more detailed estimate of its total gross margin and its corresponding expense and EBIT expectations for 2004.