

Duke Energy Corporation
Reg G Reconciliation

2004 EPS compensation target

The accompanying presentation includes a discussion of 2004 earnings per share (EPS) compensation targets, which are non-GAAP financial measures as defined under SEC Regulation G. The \$1.20 EPS compensation target and \$1.10 EPS minimum for 2004 are non-GAAP financial measures as they exclude any "special items", as defined by the Company, occurring during the year. The most directly comparable GAAP measure is EPS based upon reported net income for 2004.

Due to the forward-looking nature of these non-GAAP financial measures, 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 the remainder of 2004.

1Q04 and 1Q03 Special Items

(\$ in Millions)	Pre-Tax Amount	Tax Effect	2004 EPS Impact	2003 EPS Impact
First Quarter				
Gain on sale of Australian assets	\$256	(\$18)	\$0.26	--
Net loss on sale of DENA assets, primarily southeast U.S. plants	(352)	133	(0.24)	--
Gains on sale of other assets, including Caribbean Nitrogen Co. (CNC)	14	(5)	0.01	--
Charge for intent to sell Cantarell investment	(13)	5	(0.01)	--
2003 gain on asset sales	16	(5)	--	\$0.01
2003 change in accounting principles	(256)	94	--	(\$0.18)
TOTAL EPS IMPACT			\$0.02	(\$0.17)
EPS, as reported			\$0.34	\$0.25
EPS, ongoing			\$0.32	\$0.42

Crescent Resources and Natural Gas Transmission 2003 EBIT

Crescent EBIT

Full Year 2003

(in millions)

Crescent EBIT, per presentation	\$150
Rounding	2
Less discontinued operations	(18)
Crescent EBIT from continuing operations	<u>134</u>
Remaining portion of "Other Operations"(1)	19
"Other Operations" EBIT from continuing operations	<u><u>\$153</u></u>

(1) Primarily includes DukeNet Communications, Duke/Fluor Daniel, Energy Delivery Services, Duke Energy Merchants

Natural Gas Transmission EBIT

Full Year 2003

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

2004 Projected Cash Flow

**Duke Energy Corporation Consolidated and Duke Capital Corporation Consolidated
Cash Flow Reconciliation Required by SEC Regulation G**
(\$ in Millions)

	<u>2004</u>	
	<u>Duke Energy</u>	<u>Duke Capital</u>
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	<u>5,450</u>	<u>4,050</u>
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.