

Special items for the quarter include:

(\$ in Millions)	Pre-Tax Amount	Tax Effect	2004 EPS Impact	2003 EPS Impact
<b>Second quarter 2004</b>				
• Enron settlement (net of minority interest)	\$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 interest)	(5)	2	---	
• Interest related to litigation reserve	(12)	4	(0.01)	
<b>Second quarter 2003</b>				
• Gains on asset sales (net of minority interest)	\$229	(\$83)		0.16
<b>Total EPS Impact</b>				
			<b>\$0.04</b>	<b>\$0.16</b>
EPS, as reported			\$0.46	\$0.46
EPS, ongoing *			\$0.42	\$0.30

\* Includes results from operations primarily in International Energy and Field Services that have been discontinued.

Special items for the first quarter include:

(\$ in Millions)	Pre-Tax Amount	Tax Effect	2004 EPS Impact	2003 EPS Impact
<b>First Quarter 2004</b>				
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)	134	(0.25)	--
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)	--
<b>First quarter 2003</b>				
2003 gain on asset sales	16	(5)	--	\$0.01
2003 change in accounting principles	(256)	94	--	(0.18)
<b>TOTAL EPS IMPACT</b>			<b>\$0.01</b>	<b>(\$0.17)</b>
EPS, as reported			\$0.34	\$0.25
EPS, ongoing			\$0.33	\$0.42

Special items EPS year-to-date impact:

	<b>2004</b>	<b>2003</b>
First quarter	\$0.01	(\$0.17)
Second quarter	0.04	0.16
Impact of change in shares outstanding	(0.01)	--
<b>Total EPS Impact</b>	<b>\$0.04</b>	<b>(\$0.01)</b>
Year-to-date EPS, as reported	\$0.80	\$0.71
Year-to-date EPS, ongoing *	\$0.76	\$0.72

\* Includes results from operations primarily in International Energy and Field Services that have been discontinued.

**Duke Energy Corporation**

Anticipated cash proceeds and tax benefits from sale of DENA southeast plants and Moapa

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	(in millions)
Cash proceeds	\$ 657
Tax benefits	<u>648</u>
	<u>\$ 1,305</u>
Rounded	<u><u>\$1,300</u></u>

## Duke Energy Corporation

### Debt reduction reconciliation - Estimated for calendar year 2004

	(in millions)	
	Low	High
Issuances of long-term debt, per condensed cash flow statement	\$ 112	\$ 112
Payments for the redemption of long-term debt, preferred stock of subsidiary and net paydown of commercial paper and notes payable, per condensed cash flow statement	(2,729)	(3,229)
Debt in Australian asset sales (non-cash)	<u>(883)</u>	<u>(883)</u>
Total anticipated debt reduction, per earnings release slides	<u>\$ (3,500)</u>	<u>\$ (4,000)</u>

### Debt reduction reconciliation - Six months ending June 30, 2004

	(in millions)	
Issuances of long-term debt, per condensed cash flow statement	\$ 112	
Payments for the redemption of long-term debt, preferred stock of subsidiary and net paydown of commercial paper and notes payable, per condensed cash flow statement	(917)	
Debt in Australian asset sales (non-cash)	<u>(883)</u>	
Total debt reduction, per earnings release slides	<u>\$ (1,688)</u>	
	Rounded	<u>\$ (1,700)</u>



Duke Energy Corporation  
Regulation G Reconciliation Schedules  
Second Quarter 2004 Earnings Release

2004 DENA Segment EBIT

The Company's prepared remarks related to the Second Quarter 2004 Earnings Review include a discussion of DENA's adjusted 2004 segment EBIT loss projection of \$300 million. This measure of DENA's segment EBIT loss is a non-GAAP financial measure as it excludes any mark-to-market (MTM) earnings and "special items", as defined by the Company, occurring during the year. The most directly comparable GAAP measure is DENA reported segment EBIT loss for 2004. 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 the volatility of mark-to-market movements or the value of such movements and we are unable to forecast any future special items for the remainder of 2004.

# Duke Energy North America

## Reconciliation of Merchant Energy Gross Margin and EBIT Analysis

### From the Earnings Release Supplemental Disclosures to the Earnings Release Slide

Quarter-to-date June 30, 2004

(\$ in millions)

<b>Merchant Energy Gross Margin</b>	From quarterly supplemental disclosures	Difference	from earnings release slide (non-GAAP)
Mark-to-market gross margin (loss)	\$ 22	\$ 2 a)	\$ 24
Accrual gross margin (loss)	104		104
Total gross margin	126	2	128
Reconciliation to Segment EBIT:			
Plant depreciation	(39)		(39)
Plant operating and maintenance expenses	(82)		(82)
General and administrative and other expenses	(38)	(8) b)	(46)
Minority interest	7	(3) a),b),c)	4
Other income, net of expenses	3		3
Gain (loss) on sale of other assets	(16)	6 c)	(10)
Other items presented in the earnings release slide:			
Enron settlement		108 b)	108
Western energy market settlement		(105) b)	(105)
DENA Segment EBIT	\$ (39)	\$ -	\$ (39)

a) \$2 represents a minority interest benefit which is included in changes in MTM portfolio in the earnings release slide.

b) (\$8) represents the following items shown separately in the earnings release slide: (i) \$108 Enron settlement and (ii) (\$105) Western energy market settlement. In addition, the \$108 Enron is net of \$5 in minority interest expense (and minority interest is shown separately in the supplemental disclosures).

c) \$6 represents the minority interest benefit for charges related to DETM losses on sale of other assets.