



# Second Quarter 2005 Earnings Review

August 3, 2005

Paul Anderson  
Chairman and Chief Executive Officer

Fred Fowler  
President and Chief Operating Officer

David Hauser  
Group Vice President and Chief Financial Officer

## Safe Harbor Statement

### Under the Private Securities Litigation Act of 1995

This document contains forward looking information which is subject to risks and uncertainties that could cause actual results to be different than those contemplated, including, but not limited to, changes in state, federal or international regulatory environments; commercial, industrial and residential growth in the Company's service territory; the weather and other natural phenomena; the timing and extent of changes in commodity prices, interest rates, and foreign currency exchange rates; general economic conditions; changes in environmental and other laws and regulations to which Duke Energy and its subsidiaries are subject or other external factors over which Duke Energy has no control; the results of financing efforts; the effect of accounting pronouncements; growth in opportunities for Duke Energy's business units, and other risks described in the Company's second quarter earnings release provided on Form 8-K, the 2004 Form 10-K filed with the Securities and Exchange Commission, along with other Securities and Exchange Commission filings.

### Regulation G

This document includes certain non-GAAP financial measures as defined under SEC Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures is included in the printed version of these slides which can be downloaded from our investor relations website at: [www.duke-energy.com/investors/financial/gaap/](http://www.duke-energy.com/investors/financial/gaap/)

# Highlights for Second Quarter 2005

	<b>2Q05</b>	<b>2Q04</b>
Reported Basic EPS	\$ 0.33	\$ 0.46
Special Items	(0.02)	(0.04)
EPS excluding special items	<u>\$ 0.31</u>	<u>\$ 0.42</u>

- Company is on plan six months into the year
- Franchised Electric had lower results due to mild weather and higher planned O&M costs
- Natural Gas Transmission delivered improved results, excluding prior year \$9 million pre-tax gain on asset sale and prior year pre-tax benefit of \$17 million for favorable tax resolution
- Field Services delivered another strong quarter benefiting from strong NGL prices
- DENA reported lower results primarily due to lower generation sales attributable to mild weather in the West, losses in gas transportation business and prior year mark-to-market gains; partially offset by lower operating and G&A expenses
- International Energy benefited from its National Methanol and Brazilian operations
- Crescent Resources reported lower results primarily due to a prior year pre-tax gain of \$45 million related to a large commercial transaction near Washington DC
- Income tax expense was higher due to prior year \$52 million adjustment to income tax reserves
- Interest expense was \$39 million lower than last year

# Franchised Electric

## ■ Second Quarter 2005

- Lower results due to mild weather, higher operating and maintenance expenses related to planned plant outages, right-of-way maintenance and storm costs
- Partially offset by higher bulk power sales, net of profit sharing

## ■ Customer Growth up about 2%

- Residential customers increased 2%; sales were down 9% due to mild weather
- Commercial customers increased 2%; sales were down 4% due to mild weather
- Sales to non-textile industrials increased 2%; sales to textile customers were down 9% primarily due to plant closings

## ■ Segment EBIT Guidance

- Annual segment EBIT growth rate for 2005 – 2007 period expected in 0 – 2% range
- Expect 2005 segment EBIT to be at, or slightly below, 2004's comparable results

Segment EBIT from continuing operations  
(\$ millions)

<b>Quarter</b>	<b>2Q05</b>	<b>2Q04</b>
Reported Segment EBIT	\$ 274	\$ 338
Special items	--	(3)
Ongoing Segment EBIT	<u>\$ 274</u>	<u>\$ 335</u>

# Natural Gas Transmission

## ■ Second Quarter 2005

- Benefited from favorable Canadian currency translation of approximately \$9 million and approximately \$4 million from U.S. expansion projects completed last year
- Prior year benefited from favorable resolution of certain ad valorem tax issues of \$17 million

## ■ Ongoing Segment EBIT Guidance

- Ongoing annual EBIT growth rate for 2005–2007 period expected in 3 – 5% range
- 2005 ongoing segment EBIT expected to be at the high end of this range due to the recent addition of Field Services' Canadian assets and acquisition of the Empress facilities

Segment EBIT from continuing operations  
(\$ millions)

<b>Quarter</b>	<b>2Q05</b>	<b>2Q04</b>
Reported Segment EBIT	\$ 302	\$ 311
Special items	--	(9)
Ongoing Segment EBIT	<u>\$ 302</u>	<u>\$ 302</u>

# Field Services

## ■ Second Quarter 2005

- Benefited from higher commodity prices
- Partially offset by higher operating costs and the absence of equity earnings from TEPPCO, which was sold in 1Q05
- Special item: \$22 million adjustment which partially offset original charge taken in 1Q05 related to the de-designation of 2005 hedges due to the change in ownership with ConocoPhillips

Segment EBIT from continuing operations  
(\$ millions)

Quarter	2Q05	2Q04
Reported Segment EBIT	\$ 166	\$ 95
Special items	(22)	(1)
Ongoing Segment EBIT	<u>\$ 144</u>	<u>\$ 94</u>

## ■ Equity Earnings Guidance for Field Services

- Ongoing equity earnings for second half of 2005 expected to be approximately \$200 million, net of interest expense. This is before adjustment of negative \$73 million related to the remaining recognition of first quarter charge for de-designated hedges.

## ■ Earnings Sensitivity for Remaining Six Months of 2005

- 1¢ per gallon move in NGLs equates to a \$5 million move in equity earnings, partially offset by approximately \$4 million in Other EBIT

# Duke Energy North America

## ■ Second Quarter 2005

- Lower results due to reduced generation sales attributable to mild weather in the West and losses due to weakness in gas transportation business
- Partially offset by reduced operating and G&A expenses

Segment EBIT from continuing operations  
(\$ millions)

<b>Quarter</b>	<b>2Q05</b>	<b>2Q04</b>
Reported Segment EBIT	\$ (56)	\$ (38)
Special Items	--	10
Ongoing Segment EBIT	<u>\$ (56)</u>	<u>\$ (28)</u>

- Prior year's second quarter included a \$24 million mark-to-market gain, or \$22 million before minority interest, related to disqualified hedges
- Ongoing Segment EBIT Guidance
  - 2005 ongoing segment EBIT loss expected to be \$150 million

# International Energy

## ■ Second Quarter 2005

- Benefited from solid operations in Brazil and favorable valuation of the Brazilian currency
- Benefited from higher prices at National Methanol

Segment EBIT from continuing operations  
(\$ millions)

<b>Quarter</b>	<b>2Q05</b>	<b>2Q04</b>
Reported Segment EBIT	\$ 86	\$ 68

## ■ Ongoing Segment EBIT Guidance

- Ongoing annual segment EBIT growth rate for 2005 – 2007 period expected in 2 – 3% range
- 2005 is expected to be an exceptional year as a result of strong Latin American operations, favorable foreign exchange and higher prices at our National Methanol business

# Crescent Resources

## ■ Second Quarter 2005

- Results were lower primarily due to a prior year transaction which contributed \$45 million in EBIT in the second quarter of 2004

- Current book value of real estate portfolio is \$1.3 billion compared with \$1.1 billion at year end 2004

## ■ Segment EBIT Guidance

- Segment EBIT from continuing operations and discontinued operations for 2005 is expected to be at, or above, the ongoing results for 2004, which were approximately \$250 million

Segment EBIT from continuing operations  
(\$ millions)

Quarter	2Q05	2Q04
Reported Segment EBIT	\$ 39	\$ 87

# Other EBIT

## ■ Second Quarter 2005

- Special Item: \$7 million gain related to the change in mark-to-market valuation of the 2005 unsettled hedges related to Field Services
- \$22 million loss on the mark-to-market valuation of the 2006 hedges related to Field Services
- Charge taken for increased liabilities associated with mutual insurance

- Ongoing Other EBIT is expected to remain in the \$200 million loss range, excluding any changes due to mark-to-market fluctuations on the de-designated hedges

Other EBIT  
(\$ millions)

Quarter	2Q05	2Q04
Reported EBIT	\$ (88)	\$ (26)
Special Items	(7)	(14)
Ongoing EBIT	<u>\$ (95)</u>	<u>\$ (40)</u>

# Other Items

- Total debt at June 30<sup>th</sup> was \$18.4 billion; \$464 million less than year-end 2004
  - Approximately \$2.25 billion of debt will be deconsolidated for Field Services
- Interest expense
  - Second quarter was \$39 million lower than last year due to debt reductions
  - Interest expense for 2005 is expected to be \$1.1 billion
- Effective tax rate was approximately 33%
- Cash and cash equivalents and short-term investments totaled approximately \$2.05 billion at the end of second quarter 2005
- Accelerated buyback of 30 million shares; shares retired on March 23, 2005
  - Current repurchases stand at 20.4 million shares as of July 31<sup>st</sup>
- Additional repurchases under separate agreement totaled 2.6 million shares as of May 6<sup>th</sup>; this program has been suspended

# Legal Structure Related to Merger

---

## Issue:

"Holdco assumes, or becomes co-obligor on, the senior unsecured long-term debt of Duke Power LLC."

## Resolution:

It is Duke Energy's intent to remain obligated at the Duke Power level for the existing senior unsecured debt of Duke Power and for the servicing of this debt to occur at Duke Power.

# Operations Review

## ■ Franchised Electric

- Received a favorable ruling from 4<sup>th</sup> Circuit Court of Appeals in favor of Duke Power related to New Source Review enforcement litigation; government requested a review of the ruling
- Recent FERC filing to amend Open Access Transmission tariff
- Reached a new all-time high for demand last week for 18,687 MW
- Current inventory for coal is 28 days; 75% contracted for 2006

## ■ Natural Gas Transmission

- Signed precedent transportation agreements with Anadarko and Repsol related to proposed LNG facilities in the Canadian Maritimes; 1.5 Bcf/day of total capacity
- Filed application with FERC to build 16-mile pipeline to connect Excelerate Energy's proposed LNG facility; 800,000 MMBtu/day of capacity
- New firm transportation contracts on Gulfstream began flowing 400,000 MMBtu/day bringing their total capacity contracted to two-thirds full
- Evaluating the possibility to form a Canadian income trust

# Operations Review

---

## ■ Field Services

- Closed on ownership change to a 50/50 joint venture with ConocoPhillips on July 5<sup>th</sup>
- Evaluating the opportunity to launch another MLP later this year

## ■ DENA

- Gas marketing business has been slower to build than anticipated
- Work continues on developing a sustainable business model

## ■ International Energy

- Returns are improving
- Brazil: Success in contracting additional capacity for 2006; 84% contracted

# Summary

---

- On plan for \$1.60 per basic share
- Made significant strides in optimizing our portfolio
  - Field Services 50/50 joint venture
  - Merger announcement with Cinergy
- Merger update
  - Filed for approvals with all five states
  - Submitted information required by Hart-Scott-Rodino Act
  - Filed with FERC
- PUHCA repeal expected with signing of energy bill

DUKE ENERGY CORPORATION  
ONGOING TO REPORTED EARNINGS RECONCILIATION  
June 2004 Quarter-to-date  
(Dollars in Millions)

	Special Items (Note 1)									
	Ongoing Earnings	Gain (Loss) on Sale of Assets	Impairment	Enron Settlement	California Settlement	Interest on SoCal Reserve	Norsk-Hydro True-up	Gain on Sale - Asia Pacific	Total	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>										
Franchised Electric	\$ 335	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 338
Gas Transmission	302	9	-	-	-	-	-	-	9	311
Field Services	94	-	-	1 D	-	-	-	-	1	95
Duke Energy North America	(28)	(10) A	(3) B	108 C,D	(105) D	-	-	-	(10)	(38)
International Energy	68	-	-	-	-	-	-	-	-	68
Crescent	87	-	-	-	-	-	-	-	-	87
<b>Total reportable segment EBIT</b>	<b>858</b>	<b>2</b>	<b>(3)</b>	<b>109</b>	<b>(105)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>861</b>
Other	(40)	(7)	-	21 D	-	-	-	-	14	(26)
<b>Total reportable segment EBIT and other EBIT</b>	<b>\$ 818</b>	<b>\$ (5)</b>	<b>\$ (3)</b>	<b>\$ 130</b>	<b>\$ (105)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17</b>	<b>\$ 835</b>
<b>EARNINGS FOR COMMON</b>										
Total reportable segment EBIT and other EBIT	\$ 818	\$ (5)	\$ (3)	\$ 130	\$ (105)	\$ -	\$ -	\$ -	\$ 17	\$ 835
Foreign Currency Translation Gains / (Losses)	2	-	-	-	-	-	-	-	-	2
Interest Income	30	-	-	-	-	-	-	-	-	30
Interest Expense	(324)	-	-	-	-	(12)	-	-	(12)	(336)
Minority Interest - Interest Expense	9	-	-	-	-	-	-	-	-	9
Income taxes on continuing operations	(132)	2	1	(46)	37	4	-	-	(2)	(134)
Discontinued operations, net of taxes	(3)	-	-	-	-	-	(9)	38	29	26
Trust Preferred/Preferred Dividends	(3)	-	-	-	-	-	-	-	-	(3)
<b>Total Earnings for Common</b>	<b>\$ 397</b>	<b>\$ (3)</b>	<b>\$ (2)</b>	<b>\$ 84</b>	<b>\$ (68)</b>	<b>\$ (8)</b>	<b>\$ (9)</b>	<b>\$ 38</b>	<b>\$ 32</b>	<b>\$ 429</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 0.42</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0.09</b>	<b>\$ (0.07)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ 0.04</b>	<b>\$ 0.04</b>	<b>\$ 0.46</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.42</b>	<b>\$ (0.01)</b>	<b>\$ -</b>	<b>\$ 0.09</b>	<b>\$ (0.07)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ 0.04</b>	<b>\$ 0.03</b>	<b>\$ 0.45</b>

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

A - Amount is net of \$6 million of minority interest.

B - Charge related to Grays Harbor, recorded in Impairment and other charges on the Consolidated Statements of Operations.

C - Amount is net of \$5 million of minority interest.

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

Weighted Average Shares (reported and ongoing) - in millions

Basic	926
Diluted	961

DUKE ENERGY CORPORATION  
ONGOING TO REPORTED EARNINGS RECONCILIATION  
June 2005 Quarter-to-date  
(Dollars in Millions)

	Special Items (Note 1)				Reported Earnings
	Ongoing Earnings	Field Services hedge de-designation, net	MTM change on de-designated Field Services hedges for 2005, net	Total	
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>					
Franchised Electric	\$ 274	\$ -	\$ -	\$ -	\$ 274
Gas Transmission	302	-	-	-	302
Field Services	144	22 A	-	22	166
Duke Energy North America	(56)	-	-	-	(56)
International Energy	86	-	-	-	86
Crescent	39	-	-	-	39
<b>Total reportable segment EBIT</b>	<b>789</b>	<b>22</b>	<b>-</b>	<b>22</b>	<b>811</b>
Other	(95)	-	7 B	7	(88)
<b>Total reportable segment EBIT and other EBIT</b>	<b>\$ 694</b>	<b>\$ 22</b>	<b>\$ 7</b>	<b>\$ 29</b>	<b>\$ 723</b>

**EARNINGS FOR COMMON**

Total reportable segment EBIT and other EBIT	\$ 694	\$ 22	\$ 7	\$ 29	\$ 723
Foreign Currency Translation Gains / (Losses)	4	-	-	-	4
Interest Income	22	-	-	-	22
Interest Expense	(297)	-	-	-	(297)
Minority Interest - Interest Expense	10	-	-	-	10
Income taxes on continuing operations	(141)	(8)	(2)	(10)	(151)
Discontinued operations, net of taxes	(2)	-	-	-	(2)
Trust Preferred/Preferred Dividends	(2)	-	-	-	(2)
<b>Total Earnings for Common</b>	<b>\$ 288</b>	<b>\$ 14</b>	<b>\$ 5</b>	<b>\$ 19</b>	<b>\$ 307</b>

**EARNINGS PER SHARE, BASIC**

	\$ 0.31	\$ 0.02	\$ -	\$ 0.02	\$ 0.33
--	---------	---------	------	---------	---------

**EARNINGS PER SHARE, DILUTED**

	\$ 0.30	\$ 0.02	\$ -	\$ 0.02	\$ 0.32
--	---------	---------	------	---------	---------

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

A - Second quarter settlements of the 2005 portion of the Field Services de-designated hedges as of 2/22/05, recorded in Non-regulated electric, natural gas liquids and other on the Consolidated Statements of Operations

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

Weighted Average Shares (reported and ongoing) - in millions

Basic	927
Diluted	964

DUKE ENERGY CORPORATION  
ONGOING TO REPORTED EARNINGS RECONCILIATION  
June 2004 Year-to-date  
(Dollars in Millions)

Special Items (Note 1)

	Ongoing Earnings	Gain (Loss) on Sale of Assets	Impairment	Enron Settlement	California Settlement	Interest on SoCal Reserve	Norsk-Hydro True-up	Gain on Sale - Asia Pacific	Total	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>										
Franchised Electric	\$ 759	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 762
Gas Transmission	700	9	-	-	-	-	-	-	9	709
Field Services	185	-	-	1 D	-	-	-	-	1	186
Duke Energy North America	(226)	(369) A	(3) B	108 C,D	(105) D	-	-	-	(369)	(595)
International Energy	110	-	(13) E	-	-	-	-	-	(13)	97
Crescent	147	-	-	-	-	-	-	-	-	147
<b>Total reportable segment EBIT</b>	<b>1,675</b>	<b>(357)</b>	<b>(16)</b>	<b>109</b>	<b>(105)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(369)</b>	<b>1,306</b>
Other	(59)	7 F	-	21 D	-	-	-	-	28	(31)
<b>Total reportable segment EBIT and other EBIT</b>	<b>\$ 1,616</b>	<b>\$ (350)</b>	<b>\$ (16)</b>	<b>\$ 130</b>	<b>\$ (105)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (341)</b>	<b>\$ 1,275</b>

**EARNINGS FOR COMMON**

Total reportable segment EBIT and other EBIT	\$ 1,616	\$ (350)	\$ (16)	\$ 130	\$ (105)	\$ -	\$ -	\$ -	\$ (341)	\$ 1,275
Foreign Currency Translation Gains / (Losses)	(2)	-	-	-	-	-	-	-	-	(2)
Interest Income	37	-	-	-	-	-	-	-	-	37
Interest Expense	(680)	-	-	-	-	(12)	-	-	(12)	(692)
Minority Interest - Interest Expense	20	-	-	-	-	-	-	-	-	20
Income taxes on continuing operations	(289)	122	5	(46)	37	4	-	-	122	(167)
Discontinued operations, net of taxes	5	-	-	-	-	-	(9)	276	267	272
Trust Preferred/Preferred Dividends	(5)	-	-	-	-	-	-	-	-	(5)
<b>Total Earnings for Common</b>	<b>\$ 702</b>	<b>\$ (228)</b>	<b>\$ (11)</b>	<b>\$ 84</b>	<b>\$ (68)</b>	<b>\$ (8)</b>	<b>\$ (9)</b>	<b>\$ 276</b>	<b>\$ 36</b>	<b>\$ 738</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 0.76</b>	<b>\$ (0.25)</b>	<b>\$ (0.01)</b>	<b>\$ 0.09</b>	<b>\$ (0.07)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ 0.30</b>	<b>\$ 0.04</b>	<b>\$ 0.80</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.74</b>	<b>\$ (0.24)</b>	<b>\$ (0.01)</b>	<b>\$ 0.09</b>	<b>\$ (0.07)</b>	<b>\$ (0.01)</b>	<b>\$ (0.01)</b>	<b>\$ 0.29</b>	<b>\$ 0.04</b>	<b>\$ 0.78</b>

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

A - Approximately \$(360) million related to loss on sale of the Southeast assets and approximately \$(9) million related to losses on liquidation of DETM contracts (net of \$5 million of minority interest). \$(363) million recorded in Gains (Losses) on Sales of Other Assets, net (net of \$5 million of minority interest) and \$(6) million recorded in Operation, maintenance and other on the Consolidated Statements of Operations.

B - Charge related to Grays Harbor, recorded in Impairment and other charges on the Consolidated Statements of Operations.

C - Amount is net of \$5 million of minority interest.

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

E - Charge related to Cantarell, recorded in Operation, maintenance and other on the Consolidated Statements of Operations.

F - Includes \$13 million related to the sale of Caribbean Nitrogen Co.

Weighted Average Shares (reported and ongoing) - in millions

Basic	919
Diluted	954

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

Special Items (Note 1)

	Ongoing Earnings	Gain on sale of Grays Harbor	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	Total	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>								
Franchised Electric	\$ 610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 610
Gas Transmission	709	-	-	-	-	-	-	709
Field Services	295	-	-	888 A	(96) B	-	792	1,087
Duke Energy North America	(112)	21 C	-	-	-	-	21	(91)
International Energy	154	-	-	-	-	-	-	154
Crescent	91	-	-	-	-	-	-	91
<b>Total reportable segment EBIT</b>	<b>1,747</b>	<b>21</b>	<b>-</b>	<b>888</b>	<b>(96)</b>	<b>-</b>	<b>813</b>	<b>2,560</b>
Other	(182)	-	(28) D	-	-	(47) E	(75)	(257)
<b>Total reportable segment EBIT and other EBIT</b>	<b>\$ 1,565</b>	<b>\$ 21</b>	<b>\$ (28)</b>	<b>\$ 888</b>	<b>\$ (96)</b>	<b>\$ (47)</b>	<b>\$ 738</b>	<b>\$ 2,303</b>
<b>EARNINGS FOR COMMON</b>								
Total reportable segment EBIT and other EBIT	\$ 1,565	\$ 21	\$ (28)	\$ 888	\$ (96)	\$ (47)	\$ 738	\$ 2,303
Foreign Currency Translation Gains / (Losses)	3	-	-	-	-	-	-	3
Interest Income	37	-	-	-	-	-	-	37
Interest Expense	(590)	-	-	-	-	-	-	(590)
Minority Interest - Interest Expense	23	-	-	-	-	-	-	23
Income taxes on continuing operations	(323)	(8)	10	(329)	36	16	(275)	(598)
Discontinued operations, net of taxes	(1)	-	-	-	-	-	-	(1)
Trust Preferred/Preferred Dividends	(4)	-	-	-	-	-	-	(4)
<b>Total Earnings for Common</b>	<b>\$ 710</b>	<b>\$ 13</b>	<b>\$ (18)</b>	<b>\$ 559</b>	<b>\$ (60)</b>	<b>\$ (31)</b>	<b>\$ 463</b>	<b>\$ 1,173</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 0.75</b>	<b>\$ 0.01</b>	<b>\$ (0.02)</b>	<b>\$ 0.59</b>	<b>\$ (0.05)</b>	<b>\$ (0.03)</b>	<b>\$ 0.50</b>	<b>\$ 1.25</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.73</b>	<b>\$ 0.01</b>	<b>\$ (0.02)</b>	<b>\$ 0.57</b>	<b>\$ (0.06)</b>	<b>\$ (0.03)</b>	<b>\$ 0.47</b>	<b>\$ 1.20</b>

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 the anticipated transfer of a 19.7% interest in DEFS to ConocoPhillips. \$125 million loss recorded in Impairment and other charges on the Consolidated Statements of Operations, reduced by \$29 million of hedge settlements recorded in Non-regulated electric, natural gas liquids and other on the Consolidated Statements of Operations

C - Recorded in Gains (Losses) on Sales of Other Assets, net on the Consolidated Statements of Operations

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

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

Weighted Average Shares (reported and ongoing) - in millions

Basic	941
Diluted	977

**Duke Energy Corporation**  
**Anticipated Impact of DEFS Transaction to Consolidated Cash**  
**As Of June 30, 2005**

(Amounts in millions)

Actual Cash, Cash Equivalents & Short-Term Investments @ 6/30/2005	\$ 2,049
DEFS Cash, Cash Equivalents & Short-Term Investments @ 6/30/2005 (due to deconsolidation)	(896)
19.7% Interest in DEFS, LLC (cash portion of consideration) (1)	
Proceeds from COP as originally contemplated in sale	207
Proceeds from COP for Empress Asset not yet transferred (3)	233
Proceeds from COP for TEPPCO GP Sale (30.3% * \$1.1B)	<u>333</u>
	773
Cash from Canadian assets distributed from DEFS (in US\$)	43
Final "Excess Cash" Distribution from DEFS, LLC (2)	<u>171</u>
Net Impact to Cash	<u>\$ 91</u>
Pro-Forma Cash, Cash Equivalents & Short-Term Investments @ 6/30/2005	<u><u>\$ 2,140</u></u>

Notes:

- (1) Cash proceeds are on a pre-tax basis and do not include transaction costs.
- (2) Excess cash intended to true-up cash position at DEFS to \$280 post 50/50 transaction. Most of this cash would have been distributed irrespective of the cash true-up as a second quarter dividend to the parents.
- (3) Assumes Duke does not exercise its option to purchase the Empress Assets on July 31, 2005. If Duke exercises this option, cash will be decreased by the net of the \$233 purchase price less the "Restoration Period" adjustment and any cash acquired.

Duke Energy Corporation  
Non-GAAP Reconciliation Schedules  
Second Quarter 2005 Earnings Release

2005 Duke Energy Compensation Target

The Company's prepared remarks for the Second Quarter 2005 Earnings Conference Call include a discussion of the \$1.60 per ongoing basic share compensation target for 2005. 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 measure is basic earnings per share 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 project any "special items" for 2005.

2005 and Beyond Ongoing Segment EBIT and Related Growth Percentages

The Company's slides for the Second Quarter 2005 Earnings Conference Call include a discussion of forecasted ongoing EBIT for 2005 for certain segments and Other and, for certain segments, a discussion of a forecasted ongoing segment EBIT growth rate, which is based on historical and forecasted ongoing segment EBIT. Ongoing segment or Other EBIT, and related growth rates, are non-GAAP financial measures as they represent reported segment or Other EBIT adjusted for "special items," which represent certain charges and credits which management believes will not be recurring on a regular basis. When used for future periods, ongoing segment or Other EBIT may also include any amounts that may be reported as discontinued operations. The most directly comparable GAAP measure for ongoing segment or Other EBIT is reported segment or Other EBIT, which represents EBIT from continuing operations, including any "special items." Due to the forward-looking nature of forecasted ongoing segment or Other EBIT, and related growth rates, for future periods, 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" or any amounts that may be reported as discontinued operations for any future periods.

2005 Segment EBIT from Continuing and Discontinued Operations for Crescent

The Company's prepared remarks for the Second Quarter 2005 Earnings Conference Call include a discussion of Crescent's forecasted segment EBIT from continuing and discontinued operations for 2005. The Company uses segment EBIT from continuing and discontinued operations as a measure of historical and anticipated future segment performance for Crescent. Since selling commercial and multi-family assets is an ongoing part of operations for Crescent, it is likely that Crescent will report discontinued operations on a recurring basis under normal operating conditions. Accordingly, management believes that the presentation of segment EBIT from continuing and

discontinued operations provides useful information to investors, as it allows them to compare Crescent's total performance across all periods. The most directly comparable GAAP measure for Crescent's segment EBIT from continuing and discontinued operations is reported segment EBIT from continuing operations. Information to reconcile this 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 those Crescent operations, if any, which will be discontinued operations during 2005.