

Duke Energy Corporation
Non-GAAP Reconciliation Schedules

2005 and 2006 DENA Segment EBIT

In the prepared presentation and remarks for the September 29, 2004 Merrill Lynch Global Power and Gas Leaders Conference, management discussed their current expectations for DENA's financial performance for 2005 and 2006. Amounts discussed were losses in the range of \$150 million for 2005 to around break-even for 2006. The prepared remarks also note that during the second quarter earnings conference call, DENA's EBIT loss for 2005 was estimated to be substantially below \$200 million. These amounts represent a non-GAAP financial measure as they exclude any mark-to-market (MTM) earnings and "special items", as defined by the Company, that might occur during those years. The most directly comparable GAAP measure is DENA reported segment EBIT earnings or loss. 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 2005 or 2006.

2005 Field Services' Segment EBIT

In the prepared remarks for the September 29, 2004 Merrill Lynch Global Power and Gas Leaders Conference, management discussed their current expectations for Field Services' segment financial performance for 2005. Amounts discussed were segment EBIT of \$500 million if crude prices were at \$40 per barrel and segment EBIT of \$300 million if crude prices were at \$30 per barrel. These amounts represent non-GAAP financial measures as they exclude any "special items", as defined by the Company, that might occur during 2005. The most directly comparable GAAP measure is Field Services' reported segment EBIT earnings or loss. 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 measures is not available at this time as the Company is unable to forecast any future "special items" for 2005.

2004 Duke Energy EPS compensation target

In the prepared presentation and remarks for the September 29, 2004 Merrill Lynch Global Power and Gas Leaders Conference, management discussed the 2004 earnings per share (EPS) compensation target of \$1.20, minimum amount for incentive payout of \$1.10 and \$1.09 or lower at which management does not receive short-term incentive payout, which 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 measures is not available at this time as the Company is unable to forecast any "special items" for the remainder of 2004.

The following schedule details special items incurred during the six-month period ended June 30, 2004 and reconciles year-to-date ongoing earnings per share (EPS) to year-to-date reported EPS:

(\$ in Millions)	Pre-Tax Amount	Tax Effect	2004 EPS Impact
First Quarter 2004			
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)
Second Quarter 2004			
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)
Rounding for change in shares outstanding			(0.01)
TOTAL EPS IMPACT			(\$0.04)
Year-to-date EPS, as reported			\$0.80
Year-to-date EPS, ongoing *			\$0.76

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

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Anticipated 2004 cash proceeds from asset sales announced and closed

	(in millions)	
<u>Announced/Closed</u>	<u>Pre-tax Cash Proceeds</u>	<u>After-tax Cash Proceeds</u>
Discontinued operations: Australian Assets	\$ 1,245 (1)	\$ 1,231 (1)
Discontinued operations: Waha	62	62
DEGT: Inventory	10	7
DENA: Southeast Assets	475 * (4)	975 (4)
DENA: Moapa	182 *	330
DENA: Other sales	89 (2)	122 (2)
DETM: Contracts (3)	(78)	(51)
DEI: Cantarell	60 *	60
Duke Capital Partners contracts	37	37
Other: Caribbean Nitrogen Company	29	24
Other: Other sales	39	32
Total Proceeds 2004	<u>\$ 2,150</u>	<u>\$ 2,829</u>
	Rounded <u>\$2,150</u>	<u>\$2,800</u>

(1) Includes a non-cash debt assumption by the buyer of approximately \$840 million.

(2) Net of \$45 million cash payment to GE.

(3) The cash paid for this transaction is included in cash flows from operating activities.

(4) Includes a note receivable of approximately \$50 million

* Announced but not closed

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Debt reduction reconciliation - Estimated for calendar year 2004	(in millions)	
	Low	High
Issuances of long-term debt	\$ 112	\$ 112
Payments for the redemption of long-term debt, preferred stock of subsidiary and net paydown of commercial paper and notes payable	(2,772)	(3,272)
Debt retired by buyer for asset sales (non-cash transaction)	<u>(840)</u>	<u>(840)</u>
Total anticipated debt reduction, per presentation	<u>\$ (3,500)</u>	<u>\$ (4,000)</u>

Debt reduction reconciliation - Six months ending June 30, 2004	(in millions)	
Issuances of long-term debt	\$ 112	
Payments for the redemption of long-term debt, preferred stock of subsidiary and net paydown of commercial paper and notes payable	<u>(917)</u>	
Total debt reduction - GAAP basis	(805)	
Debt retired by buyer for asset sales (non-cash transaction)	(840)	
Debt placed in funded trust to be retired in September 2004	(50)	
Rounding	<u>(5)</u>	
Total debt reduction, per presentation	<u>\$ (1,700)</u>	