

**NON-GAAP Reconciliation for SEC Regulation G
Merrill Lynch Global Power & Gas Leaders Conference
September 26, 2006**

Ongoing Diluted Earnings-per-share (EPS) and 2006 Employee Incentive Target Measure

The materials for Duke Energy's Sept. 26, 2006, presentation at the Merrill Lynch Global Power & Gas Leaders Conference reference the company's 2006 employee incentive EPS target. This EPS measure is used for employee incentive bonuses and is based on ongoing diluted EPS, adjusted for the actual vs. original anticipated impact of purchase accounting resulting from Duke Energy's merger with Cinergy Corp. Ongoing diluted EPS is a non-GAAP financial measure, as it represents diluted EPS from continuing operations plus the per-share effect of any discontinued operations from the company's Crescent Resources real estate unit, adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project any special items for 2006 or for any future periods.

Growth in Year-to-Date 2006 Ongoing vs. Reported Diluted EPS

The materials for Duke Energy's Sept. 26, 2006, presentation at the Merrill Lynch Global Power & Gas Leaders Conference include a discussion of the almost 20% improvement in ongoing diluted EPS through June 2006 compared to the same period last year (\$0.76 to \$0.91). Ongoing diluted EPS is a non-GAAP financial measure, as it represents diluted EPS from continuing operations plus the per-share effect of any discontinued operations from the company's Crescent Resources real estate unit, adjusted for the per share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. The comparable change in reported diluted EPS from continuing operations was a decrease of some 30% (\$1.21 to \$0.83), due primarily to the significant gains realized in the first quarter of 2005 for the sale of TEPPCO GP. The accompanying reconciliation schedules for ongoing to reported earnings for the six month periods ended June 2006 and 2005 show the special items and contain reconciliations of the ongoing to reported diluted EPS amounts for the respective periods.

Anticipated Ongoing EPS Growth Percentages

The materials for Duke Energy's Sept. 26, 2006, presentation at the Merrill Lynch Global Power & Gas Leaders Conference include a discussion of anticipated growth in ongoing EPS over the next five years for Duke Energy and for the gas company Duke Energy anticipates spinning off in January 2007. These ongoing growth percentages are based on anticipated ongoing diluted EPS for future periods and are non-GAAP financial measures, as they represent diluted EPS from continuing operations plus, for Duke Energy, the per-share effects of any discontinued operations from its Crescent Resources real estate unit, adjusted for the impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of ongoing diluted EPS for future periods, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast any special items for future periods.

Long-term Ongoing Segment EBIT and EBITDA Growth Percentages

The materials for Duke Energy's Sept. 26, 2006, presentation at the Merrill Lynch Global Power & Gas Leaders Conference include a discussion of forecasted ongoing segment EBIT and EBITDA growth percentages for Duke Energy Gas Transmission for future years. Long-term ongoing segment EBIT and EBITDA growth rates are non-GAAP financial measures, as they reflect segment EBIT and EBITDA, adjusted for the impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for the forecasted ongoing EBIT and EBITDA amounts is segment EBIT, representing EBIT from continuing operations, including any special items. Due to the forward-looking nature of forecasted EBIT for future periods, information to reconcile these non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project any special items for any future periods.

FFO Interest Coverage Ratios

The materials for Duke Energy's Sept. 26, 2006, presentation at the Merrill Lynch Global Power & Gas Leaders Conference include a discussion of expected Funds From Operations (FFO) interest coverage ratios for Duke Energy and for the gas company Duke Energy anticipates spinning off in January 2007. These ratios reflect non-GAAP financial measures. The numerator of the FFO interest coverage ratio is calculated principally by using forecasted net cash provided by operating activities on a GAAP basis, adjusted for forecasted changes in working capital, plus all forecasted cash interest paid. The denominator is principally GAAP interest expense increased by capitalized interest (including any AFUDC interest). Cash from operations, cash interest paid and interest expense are also adjusted for entities considered off-credit.

Free Cash Flow

The slides and prepared remarks for Duke Energy's Sept. 26, 2006, presentation at the Merrill Lynch Global Power & Gas Leaders Conference include a discussion of expected "free cash flow" for 2007 – 2009 for each of "Future Duke Energy" and for "GasCo." Free cash flow represents the combination of (i) operating cash flows, (ii) capital expenditures and (iii) dividends as presented in the GAAP statement of cash flows.

DUKE ENERGY CORPORATION
ONGOING TO REPORTED EARNINGS RECONCILIATION
June 2006 Year-to-date
(Dollars in millions, except per-share amounts)

Special Items (Note 1)

| | Ongoing Earnings | Costs to Achieve, Cinergy Merger | Net Gain on Settlement of Contract | Gain on Sales of Assets | Impairment of Campeche Investment | Costs to Achieve, Anticipated Gas Spin-off | Discontinued Operations | Total Adjustments | Reported Earnings |
|--|------------------|----------------------------------|------------------------------------|-------------------------|-----------------------------------|--|-------------------------|-------------------|-------------------|
| SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS | | | | | | | | | |
| U.S. Franchised Electric & Gas | \$ 710 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 710 |
| Natural Gas Transmission | 775 | - | 24 B | - | - | - | - | 24 | 799 |
| Field Services | 278 | - | - | 14 C | - | - | - | 14 | 292 |
| Commercial Power | (7) | - | - | - | - | - | - | - | (7) |
| International | 168 | - | - | - | (55) D | - | - | (55) | 113 |
| Crescent | 216 | - | - | - | - | - | - | - | 216 |
| Total reportable segment EBIT | 2,140 | - | 24 | 14 | (55) | - | - | (17) | 2,123 |
| Other | (146) | (78) A | - | - | - | (8) E | - | (86) | (232) |
| Total reportable segment EBIT and other EBIT | \$ 1,994 | \$ (78) | \$ 24 | \$ 14 | \$ (55) | \$ (8) | \$ - | \$ (103) | \$ 1,891 |
| EARNINGS FOR COMMON | | | | | | | | | |
| Total reportable segment EBIT and other EBIT | \$ 1,994 | \$ (78) | \$ 24 | \$ 14 | \$ (55) | \$ (8) | \$ - | \$ (103) | \$ 1,891 |
| Interest expense | (589) | - | - | - | - | - | - | - | (589) |
| Interest income and other | 52 | - | - | - | - | - | - | - | 52 |
| Income taxes from continuing operations | (450) | 27 | (8) | (5) | - | 3 | - | 17 | (433) |
| Discontinued operations, net of taxes | - | - | - | - | - | - | (208) F,G | (208) | (208) |
| Total Earnings for Common | \$ 1,007 | \$ (51) | \$ 16 | \$ 9 | \$ (55) | \$ (5) | \$ (208) | \$ (294) | \$ 713 |
| EARNINGS PER SHARE, BASIC | | | | | | | | | |
| | \$ 0.93 | \$ (0.05) | \$ 0.01 | \$ 0.01 | \$ (0.05) | \$ - | \$ (0.19) | \$ (0.27) | \$ 0.66 |
| EARNINGS PER SHARE, DILUTED | | | | | | | | | |
| | \$ 0.91 | \$ (0.05) | \$ 0.01 | \$ 0.01 | \$ (0.05) | \$ - | \$ (0.19) | \$ (0.27) | \$ 0.64 |

Note 1 - Amounts for special items are presented net of any related minority interest.

A - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

B - \$23 million recorded in (Losses) Gains on Sales of Other Assets and Other, net and \$1 million recorded in Other income and expenses, net (Other Income and Expenses) on the Consolidated Statements of Operations.

C - Recorded in Equity in earnings of unconsolidated affiliates (Other Income and Expenses) on the Consolidated Statements of Operations. Transaction related to sale of Brookland, Masterscreek and Jasper assets.

D - \$38 million recorded in Operation, maintenance and other (Operating Expenses) and \$17 million recorded in (Losses) gains on sales and impairments of equity investments (Other Income and Expenses) on the Consolidated Statements of Operations.

E - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

F - Excludes Crescent discontinued operations.

G - Primarily DENA discontinued operations. Recorded in Loss From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic 1,083

Diluted 1,111

DUKE ENERGY CORPORATION
ONGOING TO REPORTED EARNINGS RECONCILIATION
June 2005 Year-to-date
(Dollars in millions, except per-share amounts)

Special Items (Note 1)

| | Ongoing Earnings | 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 | Discontinued Operations | Total Adjustments | Reported Earnings |
|--|------------------|---------------------------------------|--------------------------------------|--|---|-------------------------|-------------------|-------------------|
| SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS | | | | | | | | |
| U.S. Franchised Electric & Gas | \$ 610 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 610 |
| Natural Gas Transmission | 715 | - | - | - | - | - | - | 715 |
| Field Services | 291 | - | 888 A | (96) B | - | - | 792 | 1,083 |
| Commercial Power | (34) | - | - | - | - | - | - | (34) |
| International Energy | 154 | - | - | - | - | - | - | 154 |
| Crescent | 90 | - | - | - | - | - | - | 90 |
| Total reportable segment EBIT | 1,826 | - | 888 | (96) | - | - | 792 | 2,618 |
| Other | (211) | (28) C | - | - | (47) D | - | (75) | (286) |
| Total reportable segment EBIT and other EBIT | \$ 1,615 | \$ (28) | \$ 888 | \$ (96) | \$ (47) | \$ - | \$ 717 | \$ 2,332 |
| EARNINGS FOR COMMON | | | | | | | | |
| Total reportable segment EBIT and other EBIT | \$ 1,615 | \$ (28) | \$ 888 | \$ (96) | \$ (47) | \$ - | \$ 717 | \$ 2,332 |
| Interest Expense | (585) | - | - | - | - | - | - | (585) |
| Interest Income and other | 45 | - | - | - | - | - | - | 45 |
| Income taxes from continuing operations | (341) | 10 | (329) | 36 | 16 | - | (267) | (608) |
| Discontinued operations, net of taxes | - | - | - | - | - | (11) E,F | (11) | (11) |
| Total Earnings for Common | \$ 734 | \$ (18) | \$ 559 | \$ (60) | \$ (31) | \$ (11) | \$ 439 | \$ 1,173 |
| EARNINGS PER SHARE, BASIC | | | | | | | | |
| | \$ 0.78 | \$ (0.02) | \$ 0.59 | \$ (0.06) | \$ (0.03) | \$ (0.01) | \$ 0.47 | \$ 1.25 |
| EARNINGS PER SHARE, DILUTED | | | | | | | | |
| | \$ 0.76 | \$ (0.02) | \$ 0.57 | \$ (0.07) | \$ (0.03) | \$ (0.01) | \$ 0.44 | \$ 1.20 |

Note 1 - Amounts for special items are presented net of any related 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. Recorded in (Losses) gains on sales and impairments of equity investments (Other Income and Expenses) on the Consolidated Statements of Operations.

B - De-designation of hedges due to proposed sell of 19.7% interest in DEFS to ConocoPhillips. \$125 million loss recorded in Impairment and other charges (Operating Expenses) on the Consolidated Statements of Operations, reduced by \$29 million of hedge settlements recorded in Non-regulated electric, natural gas, natural gas liquids and other (Operating Revenues) on the Consolidated Statements of Operations

C - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations

D - Recorded in Non-regulated electric, natural gas, natural gas liquids and other (Operating Revenues) on the Consolidated Statements of Operations

E - Excludes Crescent discontinued operations.

F - Primarily DENA discontinued operations, net of tax. Recorded in Loss From Discontinued Operations, net of tax on the Consolidated Statements of Operations

Weighted Average Shares (reported and ongoing) - in millions

| | |
|---------|-----|
| Basic | 941 |
| Diluted | 977 |