

Duke Energy Gas Transmission

The Company's script and prepared remarks for the December 17, 2004 analyst conference call on "LNG Discussion and Initial Views on 2005" include a statement that Duke Energy Gas Transmission (DEGT) should produce 3-5% annual EBIT growth from adjusted base of \$1.226 billion in 2003. The 3-5% EBIT growth and adjusted base EBIT of \$1.226 billion in 2003 are non-GAAP financial measures as defined under SEC Regulation G as they exclude any "special items" as defined by the Company. A reconciliation of the adjusted base EBIT of \$1.226 billion to reported segment EBIT for 2003 has been provided in the accompanying materials. The most directly comparable GAAP measure for the EBIT growth rate is a growth rate based upon reported segment EBIT, which includes the impact of "special items". 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 any "special items" for future periods.

2004 Duke Energy EPS compensation target

The Company's prepared remarks for the December 17, 2004 analyst conference call on "LNG Discussion and Initial Views on 2005" includes a discussion of the 2004 earnings per share (EPS) compensation target of \$1.20, which is a non-GAAP financial measure as it excludes any "special items," as defined by the Company, occurring during the year. The most directly comparable GAAP measure is EPS based upon reported earnings available for common stockholders 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 any "special items" for the remainder of 2004.

2005 Duke Energy compensation target and minimum

The Company's prepared remarks for the December 17, 2004 analyst conference call on "LNG Discussion and Initial Views on 2005" includes a discussion of the \$1.60 and \$1.45 ongoing basic earnings per share compensation target and minimum amounts, respectively, for 2005 which are non-GAAP financial measures as they exclude any "special items," as defined by the Company. The most directly comparable GAAP measure is basic earnings per share that will be based upon reported earnings available for common stockholders for 2005. 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 2005.

2005 DENA Segment EBIT

The Company's prepared remarks for the December 17, 2004 analyst conference call on "LNG Discussion and Initial Views on 2005" includes a discussion of DENA's expected segment EBIT losses of \$150 million for 2005. This amount represents a non-GAAP financial measure as it excludes any mark-to-market (MTM) earnings and "special items", as defined by the Company. 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 "special items" for 2005.