

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

The slides and prepared remarks for Duke Energy’s August 3, 2006, earnings review include a discussion of the company’s 2006 Employee EPS incentive target of \$1.90. 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.

Anticipated Ongoing Earnings-per-share (“EPS”) Growth Percentages

The slides and prepared remarks for Duke Energy’s August 3, 2006 earnings review include a discussion of anticipated growth in ongoing EPS for both 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.

Ongoing Segment EBIT

The slides and prepared remarks for Duke Energy’s August 3, 2006 earnings review include a discussion of forecasted ongoing EBIT for certain segments. Ongoing segment EBIT amounts are non-GAAP financial measures as they represent reported segment EBIT adjusted for “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 for ongoing segment EBIT is reported segment EBIT, which represents EBIT from continuing operations, including any “special items.” Due to the forward-looking nature of forecasted ongoing segment EBIT 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 management is unable to project any “special items” for any future periods.

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

	<u>Special Items (Note 1)</u>					Total Adjustments	Reported Earnings
	Ongoing Earnings	Field Services hedge de- designation, net	MTM change on de-designated Field Services hedges for 2005, net	Discontinued Operations, excluding Crescent Resources			
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS							
U.S. Franchised Electric & Gas	\$ 274	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 274
Natural Gas Transmission	304	-	-	-	-	-	304
Field Services	142	22 ^A	-	-	-	22	164
Commercial Power	(16)	-	-	-	-	-	(16)
International Energy	86	-	-	-	-	-	86
Crescent	38	-	-	-	-	-	38
Total reportable segment EBIT	828	22	-	-	-	22	850
Other	(109)	-	7 ^B	-	-	7	(102)
Total reportable segment EBIT and other EBIT	\$ 719	\$ 22	\$ 7	\$ -	\$ -	\$ 29	\$ 748
EARNINGS FOR COMMON							
Total reportable segment EBIT and other EBIT	\$ 719	\$ 22	\$ 7	\$ -	\$ -	\$ 29	\$ 748
Interest expense	(295)	-	-	-	-	-	(295)
Interest income and other	30	-	-	-	-	-	30
Income taxes from continuing operations	(147)	(8)	(2)	-	-	(10)	(157)
Discontinued operations, net of taxes	-	-	-	(19)	C,D	(19)	(19)
Total Earnings for Common	\$ 307	\$ 14	\$ 5	\$ (19)	\$ -	\$ -	\$ 307
EARNINGS PER SHARE, BASIC							
	\$ 0.33	\$ 0.01	\$ 0.01	\$ (0.02)	\$ -	\$ -	\$ 0.33
EARNINGS PER SHARE, DILUTED							
	\$ 0.32	\$ 0.01	\$ 0.01	\$ (0.02)	\$ -	\$ -	\$ 0.32

Note 1 - Amounts for special items are presented net of any related 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, natural gas liquids and other (Operating Revenues) on the Consolidated Statements of Operations.

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

C - Excludes Crescent discontinued operations.

D - 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	927
Diluted	964

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

	<u>Special Items (Note 1)</u>						
	Ongoing Earnings	Costs to Achieve, Cinergy Merger	Impairment of Campeche Investment	Costs to Achieve, Anticipated Gas Spin-off	Discontinued Operations	Total Adjustments	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS							
U.S. Franchised Electric & Gas	\$ 351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 351
Natural Gas Transmission	361	-	-	-	-	-	361
Field Services	148	-	-	-	-	-	148
Commercial Power	20	-	-	-	-	-	20
International Energy	81	-	(55) B	-	-	(55)	26
Crescent	174	-	-	-	-	-	174
Total reportable segment EBIT	<u>1,135</u>	<u>-</u>	<u>(55)</u>	<u>-</u>	<u>-</u>	<u>(55)</u>	<u>1,080</u>
Other	(92)	(74) A	-	(8) C	-	(82)	(174)
Total reportable segment EBIT and other EBIT	<u>\$ 1,043</u>	<u>\$ (74)</u>	<u>\$ (55)</u>	<u>\$ (8)</u>	<u>\$ -</u>	<u>\$ (137)</u>	<u>\$ 906</u>
EARNINGS FOR COMMON							
Total reportable segment EBIT and other EBIT	\$ 1,043	\$ (74)	\$ (55)	\$ (8)	\$ -	\$ (137)	\$ 906
Interest expense	(339)	-	-	-	-	-	(339)
Interest income and other	43	-	-	-	-	-	43
Income taxes from continuing operations	(204)	26	-	3	-	29	(175)
Discontinued operations, net of taxes	-	-	-	-	(80) D,E	(80)	(80)
Total Earnings for Common	<u>\$ 543</u>	<u>\$ (48)</u>	<u>\$ (55)</u>	<u>\$ (5)</u>	<u>\$ (80)</u>	<u>\$ (188)</u>	<u>\$ 355</u>
EARNINGS PER SHARE, BASIC							
	<u>\$ 0.44</u>	<u>\$ (0.04)</u>	<u>\$ (0.05)</u>	<u>\$ -</u>	<u>\$ (0.06)</u>	<u>\$ (0.15)</u>	<u>\$ 0.29</u>
EARNINGS PER SHARE, DILUTED							
	<u>\$ 0.43</u>	<u>\$ (0.04)</u>	<u>\$ (0.05)</u>	<u>\$ -</u>	<u>\$ (0.06)</u>	<u>\$ (0.15)</u>	<u>\$ 0.28</u>

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 - \$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.

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

D - Excludes Crescent discontinued operations.

E - 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	1,238
Diluted	1,259

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

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, excluding Crescent Resources	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	(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

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
Pro-Forma Equity Earnings for the Field Services Segment - 2Q 2005
Non-GAAP Reconciliation for SEC Regulation G

The slides and prepared remarks for Duke Energy's August 3, 2006 earnings review include a discussion of pro-forma equity earning for the Field Services segment for the second quarter 2005, which is a non-GAAP measure as it reflects what ongoing equity earnings (see "Ongoing EBIT" discussion included herein) would have been had Duke Energy's ownership percentage in DEFS LLC been reduced to 50% as of the beginning of 2005. The most directly comparable GAAP measure for pro-forma DEFS equity earnings for the second quarter 2005 is reported segment EBIT for the Field Services segment for the second quarter 2005. A reconciliation of these two measures is included below.

(Dollars in millions)	<u>Q2 2005</u>
Field Services Reported Segment EBIT (69.7% ownership)	\$ 164
Less: Special Items	
Field Services hedge de-designation	<u>\$ (22)</u>
Total Special Items	<u>(22)</u>
Field Services Ongoing Segment EBIT	142
Adjustments for hedges	38
Adjustment for 19.7% interest transferred $[(\$142 + \$38) \times (19.7\% / 69.7\%)]$	(51)
Adjustment for interest and taxes (included in Equity Earnings)	(16)
Other	<u>3</u>
Field Services Pro-Forma Ongoing Equity Earnings (from Earnings Review Slides) (a)	<u>\$ 116</u>

(a) Assumes DEFS LLC was 50% owned by Duke Energy during 2Q 2005 and there were no hedge impacts recognized during the quarter ended June 30, 2005.