



Second Quarter Earnings Review

August 3, 2006



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Safe Harbor Statement

Some of the statements in this document concerning future company performance will be forward-looking within the meanings of the securities laws. Actual results may materially differ from those discussed in these forward-looking statements, and you should refer to the additional information contained in Duke Energy's and Cinergy's 2005 Form 10-Ks filed with the SEC and other SEC filings, concerning factors that could cause those results to be different than contemplated in today's discussion.

Reg G Disclosure

In addition, today's discussion 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 available on our Investor Relations website at www.duke-energy.com.

Earnings Summary

	2Q06	2Q05
DUK Reported Earnings per Diluted Share	\$ 0.28	\$ 0.32
Special Items	0.09	(0.02)
Discontinued Operations	0.06	0.02
DUK Ongoing Earnings per Diluted Share	\$ 0.43	\$ 0.32

- Strong results from ongoing businesses, on track to achieve employee incentive target
- Major strategic accomplishments:
 - ◆ Closed the merger with Cinergy
 - ◆ Announced sale of Commercial Marketing & Trading
 - ◆ Announced intent to spin off gas business
- 2Q06 results represent combined company, while 2Q05 results are pre-merger

U.S. Franchised Electric & Gas

- Segment EBIT increased by \$77 million over 2Q05
- The addition of Cinergy's regulated utilities in the Midwest contributed \$90 million, net of \$10 million in rate reductions associated with the merger
- Improved weather in the Carolinas added \$29 million
- Average number of customers across all service territories increased by more than 65,000 compared to the same period last year
- These increases were partially offset by bulk power marketing results in the Carolinas
 - ◆ Unplanned outages reduced bulk power sales by \$17 million
 - ◆ \$18 million charge associated with a required change in the method of calculation for profit sharing retroactive to Jan. 1, 2005
- Duke Energy Carolinas also recognized a charge of about \$15 million for community donations and rate reductions associated with the merger

Reported & Ongoing Segment EBIT

(\$ millions)

	2Q06	2Q05
Reported Segment EBIT	\$ 351	\$ 274
Special Items	-	-
Ongoing Segment EBIT	\$ 351	\$ 274

Natural Gas Transmission

- EBIT increase primarily due to a \$46 million increase in natural gas processing margins

- ◆ Mainly due to the addition of the Empress system
- ◆ Strong processing results represent a robust frac spread
- ◆ \$1 change in frac spread affects Empress' EBIT by about \$25 million annually

- Favorable resolution of ad valorem tax items had a positive effect of \$15 million
- Stronger Canadian currency had a positive effect of \$11 million
- Additional earnings from U.S. expansion projects
- Offsetting factors include interest expense associated with Gulfstream financing, the formation of the Canadian Income Trust (DEIF) and higher operating and depreciation costs

Reported & Ongoing Segment EBIT

(\$ millions)

	2Q06	2Q05
Reported Segment EBIT	\$ 361	\$ 304
Special Items	-	-
Ongoing Segment EBIT	\$ 361	\$ 304

Field Services – Comparison to Pro-Forma 2005 Results



(\$ millions)

DEFS Net Income - 100%	\$ 232
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Current Duke Energy Ownership	50%
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Pro-Forma Ongoing Equity Earnings 2Q05	\$ 116
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Ongoing Equity Earnings 2Q06	\$ 148
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Increase 2005 to 2006	+28%
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Field Services

- Represents Duke Energy's 50% ownership in Duke Energy Field Services
- Strong commodity prices and improved natural gas and NGL marketing results more than offset the negative impact of Duke's decreased ownership

Reported & Ongoing Equity Earnings/EBIT (\$ millions)

	2Q06	2Q05
Reported Equity Earnings/EBIT	\$ 148	\$ 164
Special Items	-	(22)
Ongoing Equity Earnings/EBIT	\$ 148	\$ 142

- Lower gathering and processing volumes had a negative impact in the quarter
- Reflecting strong earnings and cash flow, DEFS paid dividends of \$83 million and another \$57 million in tax distributions to Duke Energy this quarter
- \$1/Bbl move in crude oil equates to a \$15 million annual change in EBIT

Commercial Power

- Commercial Power segment includes non-regulated generation assets in the Midwest and Duke Energy Generation Services
- Segment earnings improved by \$36 million over 2Q05
 - ◆ \$97 million increase with the addition of Cinergy's non-regulated generation fleet, before effect of \$48 million in net purchase accounting charges and a \$16 million loss associated with synfuel facilities
- Purchase accounting adjustment related to Cinergy merger
 - ◆ All Cinergy assets were fair-valued at the time of closing
 - ◆ 2006 adjustment originally projected at \$0.03/share; now expected to be \$(0.08)/share for the year
 - ◆ Most significant change is related to the value of Ohio Rate Stabilization Plan (RSP)
 - RSP value is still below market, but is now closer to market value
 - ◆ 2007 adjustment expected to be approximately \$(0.04)

Reported & Ongoing Segment EBIT

(\$ millions)

	2Q06	2Q05
Reported Segment EBIT	\$ 20	\$ (16)
Special Items	-	-
Ongoing Segment EBIT	\$ 20	\$ (16)

International Energy

- Ongoing earnings were slightly lower due to an unplanned outage in Peru which increased purchased power costs and by lower hydrology in Peru and Brazil
- Favorable currency impacts of \$4 million partially offset the decreases

Reported & Ongoing Segment EBIT

(\$ millions)

	2Q06	2Q05
Reported Segment EBIT	\$ 26	\$ 86
Special Items	55	-
Ongoing Segment EBIT	\$ 81	\$ 86

- A \$55 million impairment related to our equity investment in the Campeche facility in Mexico substantially decreased reported segment EBIT
- Bolivia announced plans to nationalize its energy infrastructure
 - ◆ Current capital employed in Bolivia is approximately \$70 million – annual EBIT contributions from this investment are not material

Crescent Resources

- Sharp increase in results for segment EBIT was due to two major sales during the quarter:
 - ◆ \$52 million gain on sale of property at Lake Keowee in South Carolina
 - ◆ \$81 million gain on sale of properties at Potomac Yard in northern Virginia

Reported & Ongoing Segment EBIT

(\$ millions)

	2Q06	2Q05
Reported Segment EBIT	\$ 174	\$ 38
Special Items	-	-
Ongoing Segment EBIT	\$ 174	\$ 38

- Book value of Crescent's real estate portfolio was approximately \$1.4 billion at the end of the quarter
- Crescent's 2006 ongoing segment EBIT target is \$250 million with YTD results of \$216 million
 - ◆ If we finalize a JV for Crescent, it would affect our share of the prospective results

Other

- Ongoing losses in second quarter 2006 improved by \$17 million
- Special Items for 2Q06 include:
 - ◆ \$74 million for Cinergy merger costs-to-achieve, primarily associated with severance costs
 - ◆ \$8 million for gas spinoff costs-to-achieve

Reported & Ongoing EBIT

(\$ millions)

	2Q06	2Q05
Other Reported EBIT	\$ (174)	\$ (102)
Special Items	82	(7)
Other Ongoing EBIT Loss	\$ (92)	\$ (109)

- Lower ongoing losses were largely due to lower insurance reserve charges
- Imbedded in these results is \$20 million charge associated with DEFS de-designated hedges for 2006
 - ◆ Essentially the same impact as 2Q05
 - ◆ Hedges marked on forward curve for crude at an average price of about \$75.50/Bbl

Other Items

- Cash, cash equivalents and short-term investments were approximately \$1 billion, as of June 30
 - ◆ Total outstanding commercial paper as of June 30 was \$1.2 billion
- Interest expense for the quarter was about \$44 million higher than last year, primarily due to the Cinergy merger and partially offset by the deconsolidation of Field Services
- Duke Energy suspended stock buyback program
 - ◆ As of June 23, we had repurchased approximately 17.5 million shares at an average price of about \$28.57 for a total of \$500 million
- Announced intent to spin off gas business
 - ◆ Consolidated debt of the gas company expected to be approximately \$9 billion at Dec. 31, 2006, including approximately \$3 billion of Duke Capital parent-level debt
 - ◆ Intend to keep all debt investment-grade

Commitment to Investors

Focused on what matters most to you:

- ◆ Growing earnings and dividends over time
- ◆ Achieving the full value of our portfolio
- ◆ Reinvesting in the business
- ◆ Developing a strong leadership team with a deep bench
- ◆ Delivering clear and transparent communications



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- Closed Cinergy merger
- Strong results for 2nd quarter
- Board increased annual dividend by \$0.04 to \$1.28, effective with September distribution
- Over last 12 months, dividend has increased 16.4%

Commitment to Investors

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- ◆ Delivering clear and transparent communications

- Closed sale of DENA assets
- Disposition of final DENA contracts
- Announced sale of CMT
- Pursuing partner for Crescent
- Filed for Ohio RSP extension
- Announced plan to spin off gas business
- Committed to MLP structure for certain interstate gas pipeline assets

Commitment to Investors

Focused on what matters most to you:

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- ◆ Reinvesting in the business
- ◆ Developing a strong leadership team with a deep bench
- ◆ Delivering clear and transparent communications

- Rockingham acquisition approved by NCUC
- Filed testimony on a new coal plant in North Carolina
- Scrubber program on track
- Received FEED study cost recovery for IGCC plant
- Numerous natural gas projects


Active Natural Gas Projects



Commitment to Investors

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- ◆ Delivering clear and transparent communications

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- Gas Company
 - ◆ Strong team announced with the decision to spin
 - Duke Energy
 - ◆ New organization will be determined by end of 3Q06

Commitment to Investors

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- ◆ Growing earnings and dividends over time
- ◆ Achieving the full value of our portfolio
- ◆ Reinvesting in the business
- ◆ Developing a strong leadership team with a deep bench
- ◆ Delivering clear and transparent communications

- Updated Merger Scorecard will be shared in November with third quarter results
- Commitment to share timely information regarding the spin
 - ◆ Filed request for Private Letter Ruling with IRS
 - ◆ File Form 10 with SEC in third quarter
 - ◆ Road shows – late 2006

Value Proposition

We are committed to shareholder value:

- Long-term earnings growth after spinoff of gas business
 - ◆ Duke Energy expected 4-6% ongoing EPS growth
 - ◆ Gas company expected 5-7% ongoing EPS growth
- Dividend growth
 - ◆ Duke Energy estimated 70-75% payout target
 - ◆ Gas company estimated 60% payout target
- Improved risk profile and credit metrics

**Actively engaged in strategic initiatives
to increase shareholder value**



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>					
	Ongoing Earnings	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	\$ 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.