

Reconciliation between reported EPS and EPS before special items

| | EPS Impact 2003 | EPS Impact 2002 |
|--|--------------------|-----------------------|
| Tax benefit on 2002 goodwill impairment of International Energy European gas trading -- \$52 million | \$0.06 | \$ --- |
| DENA goodwill write-off -- \$254 million | (0.18) | |
| Severance cost associated with workforce reduction -- \$105 million in 2003; \$33 million in 2002 | (0.08) | (0.02) |
| Settlement with the S.C. Public Service Commission -- \$46 million | (0.03) | --- |
| Net gain/(loss) on asset sales -- (\$71 million) in 2003; \$14 million in 2002 | (0.05) | 0.01 |
| Settlement with the Commodity Futures Trading Commission -- \$17 million | (0.02) | --- |
| Write-offs of site development costs, termination of certain turbines on order; plus write-down of other uninstalled turbines, demobilization costs related to deferred plants and partial impairment of a merchant plant -- \$286 million | --- | (0.23) |
| TOTAL | (0.30) | (0.24) |
| EPS, as reported | 0.05 | 0.27 |
| EPS, ongoing | 0.35 | 0.51 |

RECONCILIATION OF NET DEBT REDUCTION
(\$ in millions)

| | DEC | | DCC |
|---|------------|-----|------------|
| Long-term debt, including current maturities | \$ 21,550 | | \$ 16,851 |
| Notes payable and CP | 915 | | 683 |
| Trust preferred securities | 1,408 | | 825 |
| Preferred members interest | 61 | | 61 |
| Preferred stock with sinking fund requirements | 25 | | - |
| Total adjusted debt at December 31, 2002 | \$ 23,959 | (a) | \$ 18,420 |
| Year-to-date 2003 Financing Activity: | | | |
| Issuance of long-term debt | \$ 2,819 | | \$ 275 |
| Redemption of long-term debt, guaranteed preferred beneficial interests and preferred member interests, and net paydown of commercial paper and notes payable | (3,333) | | (2,526) |
| Non-cash reduction of long-term debt related to asset sales | (317) | | (317) |
| Net reduction in debt as of September 30 | \$ (831) | (b) | \$ (2,568) |
| Net Increase in cash and cash equivalents | 894 | | 395 |
| Total change to debt from financing activities, net of cash, as of September 30 | \$ (1,725) | | \$ (2,963) |
| Total debt as of September 30, 2003 | \$ 23,964 | | \$ 16,662 |
| Adjusted debt as of September 30, 2003 | 23,128 | a+b | 15,852 |
| Other increase in debt due primarily to foreign currency translation | \$ 836 | | \$ 810 |

Reconciliation of EBIT to Net Income

| <i>(In millions, except where noted)</i> | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|------|------------------------------------|-------|
| | 2003 | 2002 | 2003 | 2002 |
| Earnings Before Interest and Taxes (EBIT) | 352 | 666 | 2,346 | 2,493 |
| Interest Expense | 391 | 314 | 1,072 | 786 |
| Minority Interest (Benefit) Expense | (10) | 14 | 102 | 108 |
| Income Tax (Benefit) Expense | (78) | 108 | 312 | 513 |
| Cumulative Effect of Change in Accounting Principles, net of tax and minority interest | - | - | (162) | - |
| Net Income | 49 | 230 | 698 | 1,086 |

The "low \$300 million range" of DENA 2004 low risk gross margin discussed on the third quarter 2003 earning call represents a non-GAAP financial measure as defined under SEC rules. The most directly comparable GAAP measure is DENA segment earnings before interest and taxes (EBIT) for 2004, which represents DENA gross margin reduced by operations and maintenance expenses, general and administrative expenses and depreciation and amortization. Later this year [Early next year], after Duke Energy has completed its budget process, DENA will be able to provide a more detailed estimate of its total gross margin and its corresponding expense and EBIT expectations for 2004.