



NEWS RELEASE

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DUKE ENERGY REPORTS SECOND QUARTER 2004 RESULTS

- **Ongoing earnings of 42 cents per share versus 30 cents in second quarter 2003; reported second quarter EPS of 46 cents versus 46 cents in 2003**
- **Duke Energy Field Services and Crescent Resources post strong quarter**
- **Franchised Electric and Natural Gas Transmission continue to report solid earnings and strong cash flow**
- **Cash generation, asset sales and debt reduction all expected to meet or exceed full-year expectations**
- **DENA results affected by positive mark-to-market earnings of 2 cents per share**

CHARLOTTE, N.C. – Duke Energy reported net income in the second quarter of 2004 of \$432 million, or \$0.46 per share, compared to net income of \$424 million, or \$0.46 per share in the second quarter of 2003.

Excluding special items, ongoing second quarter earnings per share (EPS) were \$0.42 versus \$0.30 in the comparable year's quarter.

"We accelerated progress on our financial objectives in the quarter," said Paul Anderson, Duke Energy chairman of the board and chief executive officer. "We've already surpassed a number of our year-end targets and our business units are showing encouraging results."

Special items for the quarter include:

(\$ in Millions)	Pre-Tax Amount	Tax Effect	2004 EPS Impact	2003 EPS Impact
Second quarter 2004				
• Enron settlement (net of minority interest)	\$130	(\$46)	\$0.09	
• True-up on net gain on sale of International Energy assets	38	(9)	0.03	
• California and western U.S. energy markets settlement	(105)	37	(0.07)	
• Net losses on asset sales (net of minority interest)	(5)	2	---	
• Interest related to litigation reserve	(12)	4	(0.01)	
Second quarter 2003				
• Gains on asset sales (net of minority interest)	\$229	(\$83)		0.16
Total EPS Impact				
			\$0.04	\$0.16
EPS, as reported			\$0.46	\$0.46
EPS, ongoing *			\$0.42	\$0.30

Special items EPS year-to-date impact:

	2004	2003
First quarter	\$0.01	(\$0.17)
Second quarter	0.04	0.16
Impact of change in shares outstanding	(0.01)	--
Total EPS Impact	\$0.04	(\$0.01)
Year-to-date EPS, as reported	\$0.80	\$0.71
Year-to-date EPS, ongoing *	\$0.76	\$0.72

* Includes results from operations primarily in International Energy and Field Services that have been discontinued.

BUSINESS UNIT RESULTS

Franchised Electric

Second quarter 2004 earnings before interest and taxes (EBIT) from Duke Power totaled \$338 million, compared to \$316 million in the second quarter of 2003. The increase was primarily due to warmer weather during the quarter, which increased EBIT from residential and commercial sales by approximately \$60 million.

The increase was partially offset by lower bulk power sales.

During the quarter, Duke Power took steps in North Carolina and South Carolina to share half of the profits from the company's bulk power marketing sales to fund several programs designed to make the service area more competitive and respond to customer needs. The year-to-date total of \$27 million of shared profits was recorded as a charge in the second quarter.

Year-to-date EBIT for Franchised Electric was \$762 million, compared with \$770 million in 2003.

Natural Gas Transmission

Duke Energy Gas Transmission (DEGT) reported second quarter 2004 EBIT of \$311 million compared to \$306 million in the prior year's quarter. The 2003 second quarter included gains of \$31 million from asset sales and \$4 million of earnings from assets sold during 2003. The increase was primarily due to improved operational results, U.S. business expansion contributions, a \$17 million benefit due to the positive resolution of ad valorem tax issues in various states and a \$12 million benefit from a stronger Canadian currency. These increases were offset by certain reserve reversals of \$12 million in 2003.

The favorable Canadian currency impacts on DEGT's EBIT were partially offset in Duke Energy's net income by currency impacts on Canadian interest and taxes.

During the second quarter, DEGT began mainline construction on a 110-mile expansion of the Gulfstream pipeline system. In addition, DEGT placed into service the first phase of Texas Eastern's M-1 expansion project, which will provide new and increased service to customers served through East Tennessee including the Patriot expansion capacity.

Year-to-date EBIT for Natural Gas Transmission was \$709 million, compared with \$729 million in 2003.

Field Services

The Field Services business segment, which represents Duke Energy's 70-percent interest in Duke Energy Field Services (DEFS), reported second quarter 2004 EBIT of \$94 million from continuing operations, compared to \$53 million in the second quarter of 2003.

The increase was primarily due to higher commodity prices compared to last year's quarter. In June, DEFS paid an \$87 million dividend, of which Duke Energy received \$61 million. This payment reflects continuing strong cash flow and earnings at DEFS.

In second quarter 2003, results were positively affected by a pre-tax gain on the sale of TEPPCO class B units of \$11 million.

Year-to-date EBIT for Field Services from continuing operations was \$186 million, compared with \$83 million in 2003.

Duke Energy North America

Duke Energy North America (DENA) reported an EBIT loss of \$39 million in the second quarter of 2004, compared to EBIT of \$211 million in the prior year's quarter.

The key factors for the quarter were: 1) a previously announced \$105 million charge related to the California and western U.S. energy markets settlement, offset by a \$108 million positive settlement in the Enron bankruptcy proceeding; 2) positive mark-to-market earnings of \$24 million as a result of changes in power and natural gas prices; and 3) a \$10 million loss on the liquidation of Duke Energy Trading and Marketing contracts.

Compared to the same quarter in 2003, DENA's losses from energy generation increased primarily due to lower hedge value realization and higher operating and

maintenance costs. This was partially offset by improved margins on structured contracts and lower depreciation and general and administrative costs.

Results for the second quarter of 2003 included a pre-tax gain of \$175 million from the sale of DENA's ownership interest in American Re-Fuel. Foregone earnings associated with this sale were \$14 million for this year's quarter.

During the quarter, DENA announced two significant asset sales. In May, it announced an agreement to sell eight power plants in the southeast United States; and in June, it announced the sale of its unfinished Moapa project in Nevada. These transactions are expected to close in third quarter and fourth quarter of 2004, respectively, and will provide Duke Energy with approximately \$1.3 billion in cash proceeds and tax benefits.

Excluding the expense related to the California and western U.S. energy markets settlement, the gain from the Enron settlement, the mark-to-market gain and the DETM contract liquidation loss, DENA's EBIT loss for the quarter would have been \$56 million.

Overall year-to-date EBIT loss for DENA was \$596 million, compared to a \$234 million profit in 2003.

International Energy

For the second quarter of 2004, Duke Energy International (DEI) reported EBIT from continuing operations of \$68 million, compared to \$91 million in the second quarter of 2003.

The second quarter 2003 results benefited from a positive regulatory settlement in Brazil and early termination of a natural gas sales contract, which together totaled \$37 million. The absence of such transactions in the second quarter of 2004 was partially offset by improved operating results in Latin America during this year's quarter.

During the quarter, DEI announced the sale of its ownership share of Cantarell, a nitrogen-production plant in Mexico. The sale is expected to close in third quarter 2004.

Year-to-date EBIT from continuing operations for International Energy was \$97 million, compared with \$131 million in 2003.

Crescent Resources

Crescent Resources, Duke Energy's affiliated real estate company, reported second quarter 2004 EBIT from continuing operations of \$87 million, compared to \$21 million in the second quarter of 2003.

The increase was primarily attributed to a large commercial land sale at Potomac Yard in northern Virginia, and greater than expected residential developed lot sales during the quarter.

Year-to-date EBIT from continuing operations for Crescent Resources was \$147 million, compared with \$21 million in 2003.

Other

Other, which includes corporate costs, DukeNet Communications, Duke/Fluor Daniel, Duke Energy Merchants (DEM) and Energy Delivery Services, reported an EBIT loss of \$26 million in the second quarter of 2004, compared to an EBIT loss of \$69 million in the second quarter of 2003. The better results were driven primarily by a \$21 million portion of the Enron settlement, which was recorded at DEM.

Year-to-date EBIT for Other was a loss of \$31 million, compared with a loss of \$117 million in 2003.

Discontinued Operations

Discontinued Operations generated second quarter 2004 income of \$27 million, primarily driven by a true-up of the net gain on the sale of International Energy assets. These results compare to second quarter 2003 income of \$23 million.

Year-to-date income for Discontinued Operations was \$273 million, compared with \$18 million in 2003.

INCOME TAXES

Income tax expense from continuing operations of \$133 million is lower than the prior year's by approximately \$62 million. The decrease is driven primarily by the release of income tax reserves of approximately \$52 million resulting from resolution in the second quarter 2004 of various outstanding income tax issues.

INTEREST EXPENSE

Interest expense was \$337 million for the second quarter of 2004, compared to \$325 million for the second quarter of 2003.

LIQUIDITY AND CAPITAL RESOURCES

Duke Energy's consolidated capital structure at the end of second quarter 2004, including short-term debt, was 56 percent debt, 39 percent common equity and 5 percent minority interests.

Under various credit facilities, Duke Energy, Duke Capital and other subsidiaries had the ability to borrow up to \$2.5 billion at the end of the second quarter of 2004. The companies had borrowings and letters of credit outstanding under these programs of approximately \$1.2 billion as of the end of the second quarter of 2004, resulting in unused capacity of approximately \$1.3 billion. The company also had approximately \$2.6 billion in cash and cash equivalents at the end of second quarter 2004.

ADDITIONAL INFORMATION

Additional information, including EPS reconciliation data and a schedule for Duke Energy Field Services gas volume and margin by contract type, can be obtained at

Duke Energy's second quarter 2004 earnings information Web site at:
<http://www.duke-energy.com/investors/>.

NON-GAAP FINANCIAL MEASURES

The primary performance measure used by management to evaluate segment performance is EBIT from continuing operations, which at the segment level represents all profits from continuing operations (both operating and non-operating) before deducting interest and taxes, and is net of the minority interest expense related to those profits. Management believes EBIT from continuing operations is a good indicator of each segment's operating performance as it represents the results of our ownership interests in continuing operations without regard to financing methods or capital structures.

EBIT from continuing operations should not be considered an alternative to, or more meaningful than, net income, income from continuing operations, operating income or cash flow as determined in accordance with generally accepted accounting principles (GAAP). Duke Energy's EBIT from continuing operations may not be comparable to a similarly titled measure of another company.

Duke Energy's management uses ongoing EPS, which represents net income adjusted for special items, as one of the measures to evaluate operations of the company. Special items represent certain charges which management believes will not be recurring on a regular basis. Management believes that the presentation of ongoing EPS provides useful information to investors, as it allows them to more accurately compare the company's ongoing performance across all periods.

Duke Energy is a diversified energy company with a portfolio of natural gas and electric businesses, both regulated and unregulated, and an affiliated real estate company. Duke Energy supplies, delivers and processes energy for customers in North America and selected international markets. In 2004, the company celebrates a century of service with the 100th anniversary of its electric utility Duke Power. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 500 company traded on

the New York Stock Exchange under the symbol DUK. More information about the company is available on the Internet at: www.duke-energy.com.

An earnings conference call for analysts is scheduled for 10 a.m. ET today. The conference call can be accessed via the investors' section of Duke Energy's Web site <http://www.duke-energy.com/investors/> or by dialing 800/967-7187 in the United States or 719/457-2635 outside the United States. The confirmation code is 601243. Please call in five to 10 minutes prior to the scheduled start time. A replay of the conference call will be available by dialing 888/203-1112 with a confirmation code of 601243. The international replay number is 719/457-0820, confirmation code 601243. A replay and transcript also will be available by accessing the investors' section of the company's Web site <http://www.duke-energy.com/investors/>. The presentation may include certain non-GAAP financial measures as defined under SEC rules. In such event, a reconciliation of those measures to the most directly comparable GAAP measures will be available on our investor relations Web site at: <http://www.duke-energy.com/investors/publications/gaap/>.

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although Duke Energy believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Important factors could cause actual results to differ materially from those in the forward-looking statements herein are discussed in Duke Energy's filings with the Securities and Exchange Commission.

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JUNE 2004
QUARTERLY HIGHLIGHTS
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
<i>(In millions, except where noted)</i>				
COMMON STOCK DATA				
Earnings Per Share (from continuing operations)				
Basic	\$ 0.43	\$ 0.44	\$ 0.50	\$ 0.87
Diluted	\$ 0.43	\$ 0.44	\$ 0.50	\$ 0.87
Earnings Per Share (from discontinued operations)				
Basic	\$ 0.03	\$ 0.02	\$ 0.30	\$ 0.02
Diluted	\$ 0.03	\$ 0.02	\$ 0.30	\$ 0.02
Earnings Per Share (before cumulative effect of change in accounting principle)				
Basic	\$ 0.46	\$ 0.46	\$ 0.80	\$ 0.89
Diluted	\$ 0.46	\$ 0.46	\$ 0.80	\$ 0.89
Earnings Per Share				
Basic	\$ 0.46	\$ 0.46	\$ 0.80	\$ 0.71
Diluted	\$ 0.46	\$ 0.46	\$ 0.80	\$ 0.71
Dividends Per Share	\$ 0.550	\$ 0.550	\$ 0.825	\$ 0.825
Weighted-Average Shares Outstanding				
Basic	926	902	919	899
Diluted	928	903	921	900
INCOME				
Operating Revenues	\$ 5,360	\$ 5,152	\$ 11,049	\$ 11,322
Earnings Before Interest and Taxes (EBIT)	916	971	1,408	1,934
Interest Expense (a)	337	325	693	651
Minority Interest Expense (a)	41	50	79	100
Income Tax Expense from Continuing Operations	133	195	166	390
Income from Discontinued Operations	27	23	273	18
Cumulative Effect of Change in Accounting Principle, net of tax and minority interest	-	-	-	(162)
Net Income	432	424	743	649
Dividends and Premiums on Redemptions of Preferred and Preference Stock	3	7	5	10
Earnings Available for Common Stockholders	\$ 429	\$ 417	\$ 738	\$ 639
CAPITALIZATION				
Common Equity			39%	37%
Preferred Stock			0%	1%
Trust Preferred Securities			0%	3%
Total Common Equity and Preferred Securities			39%	41%
Minority Interests			5%	4%
Total Debt			56%	55%
Total Debt			\$ 21,153	\$ 22,766
Book Value Per Share			\$ 15.52	\$ 17.38
Actual Shares Outstanding			938	904
CAPITAL AND INVESTMENT EXPENDITURES				
Franchised Electric (b)	\$ 507	\$ 292	\$ 769	\$ 550
Natural Gas Transmission	102	210	256	426
Field Services	107	31	132	62
Duke Energy North America	5	97	14	257
International Energy	7	18	15	43
Crescent (c) (d)	122	73	284	127
Other	(14)	(37)	(14)	24
Total Capital and Investment Expenditures	\$ 836	\$ 684	\$ 1,456	\$ 1,489
EBIT BY BUSINESS SEGMENT				
Franchised Electric	\$ 338	\$ 316	\$ 762	\$ 770
Natural Gas Transmission	311	306	709	729
Field Services	94	53	186	83
Duke Energy North America	(39)	211	(596)	234
International Energy	68	91	97	131
Crescent (c)	87	21	147	21
Other	(26)	(69)	(31)	(117)
Total Segment and Other EBIT	833	929	1,274	1,851
EBIT Attributable to:				
Minority Interest Expense	51	36	101	79
Third Party Interest Income	29	7	36	9
Foreign Currency Remeasurement Gain (Loss)	2	(1)	(3)	(5)
Intercompany EBIT Elimination (e)	1	-	-	-
Total EBIT	\$ 916	\$ 971	\$ 1,408	\$ 1,934

(a) Minority interest includes financing expenses related to securities of subsidiaries of \$28 million for the three months ended June 30, 2003 and \$55 million for the six months ended June 30, 2003. The expense related to these securities is accounted for in interest expense in 2004.

(b) Current year amounts include a \$262 million contribution to the nuclear decommissioning trust funds.

(c) Beginning in 2004, Crescent, formerly part of Other, is considered a reportable segment.

(d) Capital expenditures for residential properties are included in operating cash flows on the Consolidated Statements of Cash Flows.

Capital expenditures for commercial and multi-family properties are included in investing cash flows on the Consolidated Statements of Cash Flows.

(e) Amount relates to the elimination of intercompany EBIT that has been reclassified to discontinued operations.

**JUNE 2004
QUARTERLY HIGHLIGHTS
(unaudited)**

<i>(In millions, except where noted)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
FRANCHISED ELECTRIC				
Operating Revenues	\$ 1,228	\$ 1,110	\$ 2,499	\$ 2,361
Operating Expenses	896	809	1,747	1,622
Gains on Sales of Other Assets, net	3	-	3	1
Other Income, net of expenses	3	15	7	30
EBIT	\$ 338	\$ 316	\$ 762	\$ 770
Sales, GWh	20,087	19,415	42,050	41,458
NATURAL GAS TRANSMISSION				
Operating Revenues	\$ 688	\$ 692	\$ 1,726	\$ 1,660
Operating Expenses	397	421	1,035	988
Gains on Sales of Other Assets, net	9	-	9	1
Other Income, net of expenses (a)	13	45	19	79
Minority Interest Expense	2	10	10	23
EBIT	\$ 311	\$ 306	\$ 709	\$ 729
Proportional Throughput, TBtu	726	742	1,815	1,824
FIELD SERVICES (b)				
Operating Revenues	\$ 2,356	\$ 2,048	\$ 4,731	\$ 4,598
Operating Expenses	2,225	1,991	4,474	4,500
Other Income, net of expenses	15	24	33	39
Minority Interest Expense	52	28	104	54
EBIT	\$ 94	\$ 53	\$ 186	\$ 83
Natural Gas Gathered and Processed/Transported, TBtu/day	7.5	7.6	7.4	7.6
Natural Gas Liquids Production, MBbl/d	371	352	364	360
Average Natural Gas Price per MMBtu	\$ 5.99	\$ 5.41	\$ 5.84	\$ 6.00
Average Natural Gas Liquids Price per Gallon	\$ 0.61	\$ 0.49	\$ 0.60	\$ 0.54
DUKE ENERGY NORTH AMERICA				
Operating Revenues	\$ 672	\$ 962	\$ 1,328	\$ 2,358
Operating Expenses	705	945	1,576	2,327
Loss on Sales of Other Assets, net (c)	(16)	-	(368)	-
Other Income, net of expenses (d)	3	187	(1)	196
Minority Interest Benefit	(7)	(7)	(21)	(7)
EBIT	\$ (39)	\$ 211	\$ (596)	\$ 234
Actual Plant Production, GWh (e)	5,895	4,510	11,356	9,620
Proportional MW Capacity in Operation			15,660	15,206
INTERNATIONAL ENERGY (b)				
Operating Revenues	\$ 147	\$ 169	\$ 301	\$ 341
Operating Expenses	98	90	229	225
Gains on Sales of Other Assets, net	-	1	-	1
Other Income, net of expenses	22	15	31	22
Minority Interest Expense	3	4	6	8
EBIT	\$ 68	\$ 91	\$ 97	\$ 131
Sales, GWh	4,248	4,446	8,811	8,416
Proportional MW Capacity in Operation			4,130	4,013
CRESCENT (b)				
Operating Revenues	\$ 101	\$ 76	\$ 140	\$ 97
Operating Expenses	75	63	112	86
Gains on Sales of Investments in Commercial and Multi-Family Real Estate	62	9	121	11
Other Income, net of expenses	-	-	-	-
Minority Interest Expense	1	1	2	1
EBIT	\$ 87	\$ 21	\$ 147	\$ 21
OTHER (b)				
Operating Revenues	\$ 290	\$ 362	\$ 634	\$ 879
Operating Expenses	311	412	698	994
(Loss) Gains on Sales of Other Assets, net	(7)	-	7	-
Other Income, net of expenses	2	(19)	26	(2)
EBIT	\$ (26)	\$ (69)	\$ (31)	\$ (117)

(a) Prior year includes \$31 million gain on sale of the Alliance/Aux Sable equity investment.

(b) Certain prior year amounts have been reclassified due to discontinued operations.

(c) Current year amounts include DENA Southeast plant impairment of \$361 million and loss on sale of Duke Energy Trading & Marketing contracts.

(d) Prior year includes \$175 million gain on sale of the American Ref-Fuel Company equity investment.

(e) Represents 100% of GWh.

DUKE ENERGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In millions, except per-share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2004	2003	2004	2003
Operating Revenues				
Non-regulated electric, natural gas, natural gas liquids and other	\$ 3,453	\$ 3,394	\$ 6,909	\$ 7,406
Regulated electric	1,272	1,122	2,523	2,401
Regulated natural gas	635	636	1,617	1,515
Total operating revenues	<u>5,360</u>	<u>5,152</u>	<u>11,049</u>	<u>11,322</u>
Operating Expenses				
Natural gas and petroleum products purchased	2,594	2,664	5,626	6,156
Operation, maintenance and other	837	881	1,628	1,555
Fuel used in electric generation and purchased power	607	369	1,171	917
Depreciation and amortization	421	438	857	869
Property and other taxes	125	134	279	274
Total operating expenses	<u>4,584</u>	<u>4,486</u>	<u>9,561</u>	<u>9,771</u>
Gains on Sales of Investments in Commercial and Multi-Family Real Estate	62	9	121	11
(Losses) Gains on Sales of Other Assets, net	(11)	1	(349)	3
Operating Income	<u>827</u>	<u>676</u>	<u>1,260</u>	<u>1,565</u>
Other Income and Expenses				
Equity in earnings of unconsolidated affiliates	43	16	77	50
Gains on sales of equity investments	-	219	-	233
Other income and expenses, net	46	60	71	86
Total other income and expenses	<u>89</u>	<u>295</u>	<u>148</u>	<u>369</u>
Interest Expense	337	325	693	651
Minority Interest Expense	<u>41</u>	<u>50</u>	<u>79</u>	<u>100</u>
Earnings From Continuing Operations Before Income Taxes	538	596	636	1,183
Income Tax Expense from Continuing Operations	<u>133</u>	<u>195</u>	<u>166</u>	<u>390</u>
Income From Continuing Operations	405	401	470	793
Discontinued Operations				
Net operating (loss) income, net of tax	(3)	17	4	20
Net gain (loss) on dispositions, net of tax	30	6	269	(2)
Income From Discontinued Operations	<u>27</u>	<u>23</u>	<u>273</u>	<u>18</u>
Income Before Cumulative Effect of Change in Accounting Principle	432	424	743	811
Cumulative Effect of Change in Accounting Principle, net of tax and minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(162)</u>
Net Income	432	424	743	649
Dividends and Premiums on Redemption of Preferred and Preference Stock	<u>3</u>	<u>7</u>	<u>5</u>	<u>10</u>
Earnings Available For Common Stockholders	<u>\$ 429</u>	<u>\$ 417</u>	<u>\$ 738</u>	<u>\$ 639</u>
Common Stock Data				
Weighted-average shares outstanding				
Basic	926	902	919	899
Diluted	928	903	921	900
Earnings per share (from continuing operations)				
Basic	\$ 0.43	\$ 0.44	\$ 0.50	\$ 0.87
Diluted	\$ 0.43	\$ 0.44	\$ 0.50	\$ 0.87
Earnings per share (from discontinued operations)				
Basic	\$ 0.03	\$ 0.02	\$ 0.30	\$ 0.02
Diluted	\$ 0.03	\$ 0.02	\$ 0.30	\$ 0.02
Earnings per share (before cumulative effect of change in accounting principle)				
Basic	\$ 0.46	\$ 0.46	\$ 0.80	\$ 0.89
Diluted	\$ 0.46	\$ 0.46	\$ 0.80	\$ 0.89
Earnings per share				
Basic	\$ 0.46	\$ 0.46	\$ 0.80	\$ 0.71
Diluted	\$ 0.46	\$ 0.46	\$ 0.80	\$ 0.71
Dividends per share	\$ 0.550	\$ 0.550	\$ 0.825	\$ 0.825

DUKE ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In millions)

	June 30, 2004	December 31, 2003
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,644	\$ 1,160
Receivables, net	2,982	2,888
Inventory	837	941
Assets held for sale	287	424
Unrealized gains on mark-to-market and hedging transactions	1,438	1,566
Other	604	694
Total current assets	8,792	7,673
Investments and Other Assets		
Investments in unconsolidated affiliates	1,331	1,398
Nuclear decommissioning trust funds	1,243	925
Goodwill	3,855	3,962
Notes receivable	244	260
Unrealized gains on mark-to-market and hedging transactions	1,828	1,857
Assets held for sale	570	1,444
Investments in residential, commercial and multi-family real estate, net	1,228	1,331
Other	840	1,117
Total investments and other assets	11,139	12,294
Property, Plant and Equipment		
Cost	45,530	46,009
Less accumulated depreciation and amortization	12,800	12,139
Net property, plant and equipment	32,730	33,870
Regulatory Assets and Deferred Debits		
Deferred debt expense	317	275
Regulatory assets related to income taxes	1,175	1,152
Other	962	939
Total regulatory assets and deferred debits	2,454	2,366
 Total Assets	 \$ 55,115	 \$ 56,203

DUKE ENERGY CORPORATION
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In millions)

	June 30, 2004	December 31, 2003
LIABILITIES AND COMMON STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 2,112	\$ 2,317
Notes payable and commercial paper	437	130
Taxes accrued	398	14
Interest accrued	309	304
Liabilities associated with assets held for sale	44	651
Current maturities of long-term debt	1,535	1,200
Unrealized losses on mark-to-market and hedging transactions	1,239	1,283
Other	1,826	1,799
Total current liabilities	7,900	7,698
Long-term Debt , including debt to affiliates of \$258 at June 30, 2004 and \$876 at December 31, 2003	19,181	20,622
Deferred Credits and Other Liabilities		
Deferred income taxes	4,315	4,120
Investment tax credit	159	165
Unrealized losses on mark-to-market and hedging transactions	1,611	1,754
Liabilities associated with assets held for sale	-	737
Other	5,586	5,524
Total deferred credits and other liabilities	11,671	12,300
Commitments and Contingencies		
Minority Interests	1,674	1,701
Preferred and preference stock without sinking fund requirements	134	134
Common Stockholders' Equity		
Common stock, no par, 2 billion shares authorized; 938 million and 911 million shares outstanding at June 30, 2004 and December 31, 2003, respectively	10,492	9,519
Retained earnings	4,053	4,060
Accumulated other comprehensive income	10	169
Total common stockholders' equity	14,555	13,748
Total Liabilities and Common Stockholders' Equity	\$ 55,115	\$ 56,203

DUKE ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
(In millions)

	Six Months Ended	
	June 30,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 743	\$ 649
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization (including amortization of nuclear fuel)	943	972
Cumulative effect of change in accounting principle	-	162
Net gains on sales of equity investments and other assets	(57)	(250)
Net realized and unrealized mark-to-market and hedging transactions	229	(42)
Capital expenditures for residential real estate	(138)	(76)
Cost of residential real estate sold	80	50
Changes in working capital and other	589	359
Net cash provided by operating activities	2,389	1,824
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital and investment expenditures, net of refund	(1,318)	(1,413)
Net proceeds from the sales of equity investment and other assets, and sales of and collections on notes receivable	671	1,279
Proceeds from the sales of commercial and multi-family real estate	303	47
Other	(102)	(51)
Net cash used in investing activities	(446)	(138)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the		
Issuance of long-term debt	112	1,707
Issuance of common stock and common stock related to employee benefit plans	947	150
Payments for the redemption of long-term debt, preferred stock of a subsidiary, guaranteed preferred beneficial interests in subordinated notes, and net paydown of commercial paper and notes payable	(917)	(2,387)
Dividends paid	(526)	(524)
Other	(63)	(7)
Net cash used in financing activities	(447)	(1,061)
Changes in cash and cash equivalents associated with assets held for sale	(12)	-
Net increase in cash and cash equivalents	1,484	625
Cash and cash equivalents at beginning of period	1,160	857
Cash and cash equivalents at end of period	\$ 2,644	\$ 1,482

Supplemental Disclosures
Quarter Ended June 30, 2004

Duke Energy Corporation

	2Q04
Mark-to-market Portfolio (in millions)	\$ (209)
Daily Value at Risk (DvaR) (in millions)	
95% Confidence Level, One-Day Holding Period, Two-Tailed Average for the Period	\$ 19

Duke Energy North America
(in millions unless stated otherwise)

Q-T-D June 30, 2004

	Proprietary Trading	Structured Contracts	Owned Assets	Total
Merchant Energy Gross Margin				
Mark-to-market gross margin (loss)	\$ 2	\$ 20	\$ -	\$ 22
Accrual gross margin (loss)	n/a	(5)	109	104
Total Gross Margin	\$ 2	\$ 15	\$ 109	126
Reconciliation to Segment EBIT:				
Plant depreciation				(39)
Plant operating and maintenance expenses				(82)
General and administrative and other expenses (including Enron bankruptcy gain of \$113 and California settlement charges of \$105)				(38)
Minority interest				7
Other income, net of expenses				3
Gain (loss) on sale of other assets				(16)
DENA Segment EBIT				\$ (39)

**Owned Assets - Merchant Plant Production
and Hedging Information^a**

	2004 ^b	2005	2006
Estimated available production (millions of MWh)	32	63	63
Combined cycle	29	56	56
Peaker units	3	7	7
Estimated production (millions of MWh)	12	23	25
Combined cycle	12	23	24
Peaker units	-	-	1
Estimated production sold	93%	77%	68%
Estimated average price (\$/MWh)	\$ 46	\$ 47	\$ 45

^a All figures exclude Southeast plants.

^b Information for 2004 is for the remainder of the year only (July - December).

Supplemental Disclosures
Quarter Ended June 30, 2004

Duke Energy North America (continued)
(in millions)

Maturity/Source of Carrying Value of Energy Contract Net Assets	2004	2005	2006	2007	Over 4 Years	Total Fair Value
Proprietary Trading						
Actively quoted prices and other external sources	\$ 100	\$ 6	\$ 30	\$ (7)	\$ (20)	\$ 109
Modeled	(2)	13	8	6	9	34
	<u>\$ 98</u>	<u>\$ 19</u>	<u>\$ 38</u>	<u>\$ (1)</u>	<u>\$ (11)</u>	<u>\$ 143</u>
Structured Contracts						
Actively quoted prices and other external sources	\$ 11	\$ 39	\$ (50)	\$ (31)	\$ (75)	\$ (106)
Modeled	(30)	(30)	(32)	(25)	(21)	(138)
	<u>\$ (19)</u>	<u>\$ 9</u>	<u>\$ (82)</u>	<u>\$ (56)</u>	<u>\$ (96)</u>	<u>\$ (244)</u>
Owned Assets						
Actively quoted prices and other external sources	\$ 181	\$ 266	\$ 193	\$ 88	\$ 69	\$ 797
Modeled	(11)	(9)	(5)	(1)	(7)	(33)
	<u>\$ 170</u>	<u>\$ 257</u>	<u>\$ 188</u>	<u>\$ 87</u>	<u>\$ 62</u>	<u>\$ 764</u>
Total Fair Value of Energy Contract Net Assets *						<u>\$ 663</u>

* Total Carrying Value of Energy Contract Net Assets represents the combination of amounts presented as assets and (liabilities) related to unrealized gains or losses on mark-to-market and hedging transactions for Duke Energy North America.

Terms of Reference

Estimated Available Production

Represents the amount of electric power capable of being generated from owned merchant assets, after adjusting for scheduled maintenance and outage factors. For simple cycle facilities, only peak demand periods were included in this calculation.

Estimated Average Price

Represents the average price expected to be realized. This figure is based on both existing sales (hedges) as well as expected sales, given market conditions at June 30, 2004.

Estimated Production

Represents the amount of power expected to be sold in a future period. This figure is based on economic projections modeled by Duke Energy personnel.

Estimated Production Sold

Represents the portion of estimated production which has been hedged, primarily through firm physical contracts.

Owned Assets

Represents activity around energy assets owned or leased, including hedges of power sales and fuel purchase requirements and tolls, transmission, transportations and storage contracts that hedge owned assets. Normal purchases and sales associated with such assets are included in the Merchant Energy Gross Margin table, yet excluded from the Maturity/Sources of Fair Value of Energy Contract Net Assets table. Economic hedges of Owned Assets that do not meet hedge accounting standards will still be classified as Owned Assets in the Merchant Energy Gross Margin table.

Proprietary Trading

Standardized contracts entered into to take a market view, capture market price changes or put capital at risk.

Structured Contracts

Non-standard contracts not associated with owned or leased assets and involving significant tailoring of terms to meet customer needs, and associated hedges. This category includes tolls, transmission contracts, transportation contracts and storage contracts, except those that hedge Owned Assets. Economic hedges of Structured Contracts that do not meet hedge accounting standards will still be classified as Structured Contracts in the Merchant Energy Gross Margin table.

Special items for the first quarter (as summarized in this Earnings Release) include:

(\$ in Millions)	Pre-Tax Amount	Tax Effect	2004 EPS Impact	2003 EPS Impact
First Quarter 2004				
Gain on sale of Australian assets	\$256	(\$18)	\$0.26	--
Net loss on sale of DENA assets, primarily anticipated sale of southeast U.S. plants	(359)	134	(0.25)	--
Gains on sale of other assets, including Caribbean Nitrogen Co.	14	(5)	0.01	--
Charge related to planned sale of Cantarell investment	(13)	5	(0.01)	--
First quarter 2003				
2003 gain on asset sales	16	(5)	--	\$0.01
2003 change in accounting principles	(256)	94	--	(0.18)
TOTAL EPS IMPACT			\$0.01	(\$0.17)
EPS, as reported			\$0.34	\$0.25
EPS, ongoing			\$0.33	\$0.42