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Good day, everyone, welcome to today's Duke Energy second quarter earnings conference call. Today's call is being recorded. At this time for opening remarks I would like to turn the conference over to the VP of Investor and Shareholder Relations for Duke Energy, Mr. Greg Ebel. Please go ahead, sir.

Greg Ebel - Duke Energy Corporation - VP Investor Shareholder Relations

Good morning and thank you for joining us. With me today are Fred Fowler, President and COO, and Robert Brace, Executive Vice President and CFO. Today we will provide you with an overview of Duke Energy's earnings for the second quarter. Today's call is being webcast on our website at www.duke-energy.com and a copy of the slides will be available for download in the investor section of our website. Before we begin, I'd like to review our Safe Harbor Statement:

Some of the things we will discuss in today's call on future company performance will be forward-looking statements within the meaning 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 our SEC filings concerning factors that could cause those results to be different than contemplated in today's discussion.

In addition, today's presentation may include certain non-GAAP financial measures as defined under SEC Regulation G. In such an event, a reconciliation of those measures to the most directly comparable GAAP measures will be made available on our investor relations website at www.duke-energy.com/decorp/gaap.html.

We will begin today's call with some prepared remarks by Fred Fowler and Robert Brace and then open the lines to take your questions.

Fred Fowler - Duke Energy Corporation - President and COO

Good morning. It's a pleasure to be with you to report on our earnings for the quarter -- and our progress for the first half of the year.

Duke Energy has made strong and steady progress year-to-date -- even in the face of continued contrary market conditions. We've been obsessive about controlling costs, managing our business well, and reducing the risks in our businesses. And I believe we've demonstrated absolute clarity regarding our business focus and

how we have executed on the asset divestitures and cash generation.

I'd like to share with you highlights from the quarter and then Robert will cover the details of our quarterly results.

We've significantly increased our cash flows through an asset sales program that focused on divesting non-core, non-strategic assets. With the announcement made last week about the sale of our Indonesian generation asset, we have exceeded our goal of \$1.5 billion in gross proceeds, including debt assumed, from asset sales for the year.

As you know we've reduced our capital spending to \$3 billion for 2003 which will be largely focused on our strongest businesses. Capital expenditures for the first half of 2003 totaled approximately \$1.4 billion.

And we are on track to lower our net debt position by approximately \$1.8 billion this year.

All of these initiatives are critically important to our ability to maintain a strong and competitive financial position.

We've made some tough decisions this year as we've focused on sizing our business to fit the current market environment. Much of this scaling back has been in our merchant energy business, but across the board we're looking for opportunities to streamline and reduce costs.

I feel good about the progress we've made in restructuring our merchant energy business. Duke Energy North America has been repositioned and refocused, and the business is smaller in size and scope – and more straightforward in terms of our focus on trading around our portfolio of hard assets and contract positions.

We know that the economic and market turbulence of last year left many customers confused, skeptical and frustrated. In such times, our reputation for reliability, operational excellence and financial strength is a real competitive advantage. With these assets we are working to reinforce existing customer relationships and expand with new ones.

We've been steadily working through a number of regulatory and legal issues – most, as you might expect, stemming from the problems in the California energy market.

We've had a number of legal victories involving the western market, and are optimistic that we will emerge from those controversies successfully as the facts continue to reaffirm our record of operational diligence.

Our continued focus on these six directives has a direct impact on our ability to meet our EPS range for the year of \$1.35 to \$1.60 per share. Operating costs are under control and each business unit is

looking for ways to create value and position their businesses for future growth.

For the second quarter, we reported earnings of 46 cents per share, which included 16 cents related to asset sale gains.

Good operational performance and lower operating costs resulted in a substantial increase in earnings from our International Energy segment. And results for the Natural Gas Transmission business continue to benefit from expansion projects.

Unfortunately, unusually cool weather dampened the earnings of both Franchised Electric and Duke Energy North America. DENA also saw lower earnings due to the continuation of very challenging conditions in the merchant energy sector.

Overall, however, we closed the second quarter with solid earnings and significant cash flows from our strongest businesses.

For the first half of 2003, Duke Energy reported earnings per share of 71 cents. This includes both the gains related to asset sales over the last two quarters totaling 17 cents, as well as an 18-cent charge for the cumulative effect of a change in accounting principles taken in the first quarter.

For the first six months of 2003, we benefited from two full quarters of earnings from Westcoast, in addition to expansion projects which reached commercial operation over the last year.

Lower earnings at DENA and Other Operations, and higher interest expense offset the positive results from the company's other businesses.

While the year is turning out to be a challenging one from our vantage point, today with six months behind us and six months to go, we still expect our full year results to be in the range of \$1.35 to \$1.60 earnings per share, excluding the first quarter charge for the cumulative effect of a change in accounting principles.

I am pleased with the tremendous effort we've seen across the company to address the problems of the merchant energy sector, maximize the profit potential of our day-to-day business, and position the company to take full advantage of future value-growth opportunities.

With that I'll turn the call over to Robert to cover the details of our quarterly performance...

Robert Brace - Duke Energy Corporation – Executive Vice President and CFO

The largest source of segment EBIT for the quarter was Franchised Electric, which reported \$316 million for the second quarter of 2003, compared with \$388 million for the same period last year.

One of the primary drivers for the lower results this quarter was the effect of milder than normal weather on retail sales. Lower retail sales were partially offset by an increase in sales to wholesale customers outside of our service territory. We continued to see increased demand for wholesale power sales to customers outside of our service territory due to the higher than normal natural gas prices in the Southeast. Franchised Electric's low-cost, coal-fired and nuclear generation has been the primary source for these sales.

Cooling degree days were 30% below average for the second quarter. In comparison, cooling degree days for the second quarter of 2002 were 22% above average.

This milder than normal weather reduced gigawatt-hour sales by nearly 5% for the second quarter of 2003. However, total sales for the year to date still showed an increase of approximately 3.8%. But this increase was solely driven by wholesale volumes sold into the eastern markets.

Gigawatt-hour sales to residential, general service and industrial customers all suffered during the quarter with residential sales showing the largest decrease of about 7.2%. Industrial sales and commercial sales decreased by 6.8% and 2.1%, respectively. Customer growth across our service territory continues to show steady growth of 2.1% for both the quarter and the year to date.

Gigawatt-hour sales to our residential, general service and industrial customers for the year to date were essentially flat compared with the first six months of 2002.

This year, Franchised Electric began amortizing the estimated \$1.5 billion in expected environmental costs associated with the North Carolina Clean Smokestacks legislation. This amortization expense for the second quarter was \$18 million and \$35 million for the year to date. The annual estimate for this amortization expense in 2003 is about \$70 million.

For the year to date, Franchised Electric's segment EBIT was essentially flat compared with last year. The positive impact from off-system wholesale sales in the first half of this year was offset by unfavorable weather, higher expenses for depreciation and amortization, higher O&M expenses, and storm costs related to the ice storm which occurred during the first quarter.

Our earnings expectations at Franchised Electric remain at \$1.6 billion for segment EBIT for the year.

Our next largest contributor to total segment and other EBIT was Natural Gas Transmission. Our Natural Gas Transmission businesses in the US and Canada delivered \$306 million in EBIT for the second quarter of 2003 compared with \$313 million in 2002.

In the current quarter, Natural Gas Transmission recognized a \$31 million pre-tax gain on the sale of its interest in the Alliance

Pipeline and Aux Sable processing plant. Foregone earnings associated with 2003 asset sales were approximately \$13 million and were partially offset by incremental earnings from expansion projects.

Results for second quarter of 2002 included a \$27 million benefit related to a success fee for the early completion of the Gulfstream Pipeline.

Of the \$150 million year-to-date increase in Natural Gas Transmission's segment EBIT, approximately \$135 million was due to the additional two months of earnings from Westcoast recognized in the first quarter of 2003.

Gas Transmission continues to expand its operations through the construction and ongoing development of several projects. In the Southeast, DEGT is building the Patriot pipeline – a 94-mile extension of the East Tennessee Natural Gas system into Virginia and North Carolina. In the Northeast, we are working to develop HubLine Phase II, a project that will transport eastern Canadian natural gas to the greater Boston market and increase the reliability of natural gas infrastructure in eastern Massachusetts.

Natural Gas Transmission is on target to meet its annual segment EBIT goal of \$1.2 billion.

Combined segment EBIT for the year to date from our regulated operations totaled \$1.5 billion compared with \$1.35 billion for the first half of 2002 – an 11% increase. Franchised Electric and Natural Gas Transmission will continue to be the strongest contributors to total segment and other EBIT and cash flows for 2003, providing around 80% of total segment and other EBIT for the year.

Next I'd like to review the results from our unregulated businesses, starting with Duke Energy North America (DENA).

DENA's results for the quarter continue to reflect difficult energy market conditions and the impact of unfavorable weather on the merchant energy business. DENA reported second quarter EBIT of \$211 million compared with \$196 million last year. Included in segment EBIT for the second quarter of 2003 is a \$175 million pre-tax gain on the sale of DENA's interest in the American Ref-Fuel waste-to-energy facilities.

Earnings for the quarter were negatively affected by reduced earnings from proprietary trading and by lower earnings, due in part, to the required change from mark-to-market to accrual-based accounting late last year. In addition, DENA had lower earnings from its generation portfolio and depreciation expense nearly doubled this quarter due to the addition of approximately 6,600 megawatts that began commercial operation in the period beginning June 2002 through June 2003.

Results for the second quarter of 2002 included an increase in the fair value of the mark-to-market portfolio of \$46 million, resulting from the application of improved and standardized valuation modeling techniques for all North American regions.

For the year to date, DENA reported segment EBIT of \$234 million compared with \$250 million last year.

Next I'll review the gross margin analysis of DENA's earnings.

As you know DENA's earnings for the year will come from a variety of sources. Total gross margin realized in the first half of 2003 amounted to \$409 million. Through the first half of the year DENA has recognized approximately \$275 million, or nearly half of the annual expected amount, of gross margin from hedged generation sales, ancillary services and must-run revenues, and we made progress on realizing gross margin from other sources as well. Offsetting total gross margin were operating expenses totaling approximately \$350 million for depreciation, plant operating expenses and G&A expenses.

We've broken out the gain on sale related to American Ref-Fuel – this gain was not included in our guidance of \$200 million in segment EBIT for DENA.

Total operating expenses for 2003 are now expected to be about \$800 million. So, beyond realizing about \$325 million in low-risk gross margin in the remaining half of the year, we also need approximately \$265 million from "Other Sources" of gross margin to reach our segment EBIT goal of \$200 million for the full year 2003.

We need earnings from incremental generation sales and the optimization of our generation, natural gas transportation and storage portfolios to fill that gap. And our ability to fill that gap will depend in large part on favorable summer weather and the opportunities we find and capitalize on during the third quarter. On the weather front, the month of July has been disappointing.

Now let me turn to the results for Field Services.

Field Services reported EBIT of \$76 million during the quarter compared with \$41 million for the second quarter of 2002.

While results for the quarter benefited from the increase in NGL prices, these positive results were offset by the effects of the increase in natural gas prices, and hedging activities. Weighted average NGL prices for the first quarter averaged 49¢ compared with 37¢ for the same period last year.

O&M expenses were approximately \$160 million for the quarter – in line with our expectation of approximately \$600 million for the full year.

During the quarter, Field Services recognized approximately \$18 million in pre-tax gains on the sales of assets to Crosstex and Scissortail. And another pre-tax gain of \$11 million was recognized from the sale of Duke Energy's Class B units of TEPPCO. The TEPPCO gain was recognized at the Duke Energy level and not at the partnership level so you should not expect to see this in Duke Energy Field Services LLC's financial filings.

Field Services reported year-to-date segment EBIT of \$109 million compared with \$76 million last year. This puts Field Services well on its way to deliver segment EBIT of \$200 million for the full year.

Duke Energy's international operations reported a significant increase in segment EBIT of \$111 million, compared with \$57 million in the first quarter of 2002.

The increase of \$54 million in segment EBIT for the quarter was due to good results from the Latin American and European portfolios and lower G&A expenses.

Also in the quarter, DEI recognized benefits related to the completion of a regulatory audit in Brazil, \$19 million and completed the early termination of a natural gas sales contract, \$18 million.

Segment EBIT for the year to date was \$165 million in 2003 and \$114 million for the first half of 2002.

International Energy expects to meet its 2003 segment EBIT goal of \$250 million. Last week DEI announced the sale of our Indonesian generation facility to PT Freeport McMoRan for \$300 million, which includes \$222 million of proportional debt assumed. Although this sale will have some negative effect on earnings for the year, DEI remains focused on meeting its segment EBIT target of \$250 million for the year.

So now, let's take a look at total segment and other EBIT for the quarter.

For the second quarter of 2003, Duke Energy reported total segment and other EBIT of \$958 million, compared with total segment and other EBIT of \$992 million for the second quarter of 2002.

Our regulated businesses – Duke Power and Natural Gas Transmission – delivered a significant portion of total segment and other Earnings before Interest and Taxes for the quarter. Segment EBIT from these two businesses contributed \$622 million of total segment and other EBIT.

The reduction in EBIT at Other Operations is primarily related to lower earnings from Duke/Fluor Daniel resulting from decreased project activity and losses associated with the exiting of proprietary trading and the hydrocarbons business at Duke Energy

Merchants. Other Operations' results for 2002 included pre-tax net gains of approximately \$60 million on sales of certain assets, including Duke Engineering & Services and our water operations.

And higher interest expense, primarily due to the change from capitalized interest to expensed interest resulting from the completion of several DENA plants since the second quarter of 2002 also had a negative impact on earnings for the quarter.

For the first six months of 2003, Duke Energy reported total segment and other EBIT of \$1.9 billion, compared with total segment and other EBIT of \$1.7 billion for the same period in 2002.

Our regulated businesses provided the largest portion of Total Segment and Other Earnings before Interest and Taxes for the first six months of the year. Segment EBIT from these two businesses contributed \$1.5 billion of total segment and other EBIT.

We expect our regulated businesses to provide approximately 80% of total segment and other EBIT for the full year.

You'll recall that our strategic directives have us focusing on positive net cash generation and sizing our businesses to market realities. One goal which relates to both of these directives is the divestiture of certain non-strategic assets totaling approximately \$1.5 billion in gross proceeds, including debt assumed of approximately \$280 million.

This chart shows that we have now succeeded in reaching this goal and surpassing it. And we have accomplished these sales earlier in the year than originally expected. With the announcement last week of the sale of PJP in Indonesia we have announced \$1.6 billion in asset sales and closed on \$1.2 billion.

The after-tax proceeds associated with these sales are approximately \$1.5 billion.

And with the reduction in assets, comes a reduction in earnings from those assets. The impact on annual operating income associated with these asset sales is approximately \$200 million. This amount is higher than our earlier indications of approximately \$155 million and is largely driven by a higher level of asset sales and the specific assets we've ultimately sold.

For 2003, the foregone operating income impact is expected to be in the neighborhood of \$120 million, with the vast majority being in the second half.

Next I'd like to briefly review Duke Energy's liquidity position.

This slide summarizes the credit facilities at Duke Energy, Duke Capital and Other as of June 30, 2003. First at Duke Energy, we have \$950 million of credit facilities, which are used to fully backstop its CP program. The outstanding balance of Duke Energy's CP program was \$475 million at the end of the quarter.

At Duke Capital, we currently have a total of approximately \$2.2 billion of credit facilities. These facilities fully backstop the Duke Capital commercial paper program. The \$790 million letter of credit facility principally provides support for our ongoing trading operations. The outstanding balances for the CP program and letter of credit facility were \$160 million and \$570 million, respectively.

In addition, we have other credit facilities of \$1.5 billion to support our commercial paper programs at Westcoast, Union Gas, Duke Energy Field Services, and in Australia. Outstanding balances for commercial paper and other borrowings at these entities totaled \$370 million at the end of June.

Therefore, our unused capacity is approximately \$3.1 billion.

In addition, as of June 30th we had cash and cash equivalents of approximately \$1.5 billion. Of this amount we expect to maintain a balance of no less than \$500 million at Duke Capital for liquidity purposes.

Next I'd like to cover briefly a couple of the trading disclosures provided in our earnings package. I won't walk through all of the tables on this call but will focus on those tables of most interest – starting with Daily Value at Risk or DVaR.

Daily Value at Risk measures the favorable or unfavorable impact of one day's price movement against the existing portfolio. We previously referred to this term as Daily Earnings at Risk. The existing portfolio includes the remaining proprietary trading book still in the process of being wound down and structured contracts. Owned assets are not included in this calculation.

The average DVaR for the second quarter was \$13 million.

Next I'll review the generation hedging information.

To begin, our estimate of the total production available from our US merchant plants for the remaining six months of 2003 is approximately 47 million megawatt-hours. This number takes into account our expectations for normal operations, including maintenance outages. Of the total available capacity, approximately 80% is from our combined cycle plants and 20% from the peaking units.

Our expected production from these plants for the next six months is currently 16 million megawatt-hours, of which 15 million megawatt-hours will come from our combined-cycle plants and about one million from our peaking units.

As of June 30, we had hedged 93% of the expected power output for the remainder of 2003 at an average price of \$50 per megawatt-hour. We have sold forward 85% of our estimated production for 2004 and 68% for 2005.

In summary, these second quarter results bring us a step closer toward achieving our goals for 2003. Franchised Electric and Natural Gas Transmission continued to provide strong earnings and cash flows this quarter. And our unregulated businesses continue to work hard to meet their earnings goals through cost reductions and efficient operations.

We've reached and exceeded our goal on asset sales and will use the proceeds to help reduce our balance sheet leverage. Our continued focus on reducing expenses across the company – both operating expenses and capital spending – will also support our debt reduction goal. We expect to reduce net debt position by approximately \$1.8 billion this year.

To date we have reduced our net debt and trust preferred position by approximately \$1.3 billion, which includes both reductions in debt and trust preferreds, and the increase in cash balances. While we have issued some long-term debt over the last six months, we have reduced a combination of long-term debt, trust preferred securities and commercial paper for a total debt reduction of approximately \$680 million. And we have increased our cash balance by \$625 million.

In order to fully reconcile to our current debt position reported on the balance sheet at quarter end, we must include changes to our foreign debt balances that result from fluctuations in foreign currencies. Over the last six months, a number of different currencies have improved against the US dollar and as such the debt balances must be adjusted to reflect the currency translation to US dollars. These translation adjustments added about \$750 million to our debt compared to year end 2002. However, the local currency obligation is unchanged.

In summary, despite the challenges of the weak merchant energy sector and a sluggish economy, we still expect we will achieve earnings per share for 2003 in the range of \$1.35 to \$1.60 per share, before the charge for the cumulative effect of a change in accounting principles.

That concludes our prepared remarks for today and now we'll open the lines to take your questions.

QUESTION AND ANSWER

Operator

Thank you. The question and answer session will be conducted electronically today. If you would like to ask a question, please press star, 1 on your touch-tone telephone. We will take as many questions as time permits and we will proceed in the order that you signal us. We would like to remind everyone if you are using a speakerphone today, please release your mute button so your signal may reach our equipment.

We will take our first question today from Craig Shere at Standard & Poor's.

Craig Shere - *Standard and Poor's - Analyst*

Hi. Two questions, please. The first, I just want to try to get a better understanding of whether or not you're including asset sale gains in your guidance. Because I have heard or thought I had at some time that when you originally set your guidance, that there was a smaller number of asset sales assumed and just those gains were included and I thought I heard that none of the asset sales were included at your analyst conference. I do understand today that you're including all the gains?

Robert Brace - *Duke Energy Corporation - EVP and CFO*

No. When we set the range back more than six months ago, we said that they included some gains. It is a range so you can't say it includes one particular amount. We didn't think in the realms of the things that can move up and down during the year that the asset gains that we included in the range were particularly significant. As we go forward through quarter one, quarter two and the rest of the year, we will disclose precisely what our gains are as we have done now. In the case of DENA when we said \$200 million worth of EBIT for the year, we deliberately said that EBIT forecast for DENA did not include gains or losses on sales.

Craig Shere - *Standard and Poor's - Analyst*

But the \$1.35 to \$1.60 per share for the whole company, that does include all asset sale gains?

Robert Brace - *Duke Energy Corporation - EVP and CFO*

Well, when the range was established, it did include some gains on asset sales and obviously if you're at the upper end of the range we would include more asset sales. At the lower end of the range we were including less asset sales. There isn't really one number

that you can say what's included in it. And to date we have disclosed the gains so you can clearly see what's happening.

Craig Shere - Standard and Poor's - Analyst

In order to arrive at the projected \$1.35 to \$1.60 per share would you want to us use a 36-cent second quarter number?

Robert Brace - Duke Energy Corporation - EVP and CFO

I don't know how to answer that. I don't know where the gains in asset sales, profits and losses might end up for the full year. At the moment the gains that we have disclosed so far are higher than we had in mind when we produced the \$1.35 to \$1.60 per share range.

Craig Shere - Standard and Poor's - Analyst

OK. Maybe I could jump to my other question real quickly. Can you talk to us about what you're seeing and hearing about prospects for new additional longer term contracts to hedge the merchant power portfolio? Am I correct that the 2004 figure for total estimated capacity is maybe 1/3 of the total figure that you have available?

Robert Brace - Duke Energy Corporation - EVP and CFO

I'll take the second one. As far as the second one is concerned, we are saying that you're right. So for 2004, we're saying 99 million megawatt hours the plants could produce if they ran flat out, apart from maintenance work. And we're anticipating producing 34 million megawatt hours from them.

Fred Fowler - Duke Energy Corporation - President and COO

Yes, as far as we are starting to make some progress, it's slower than I would like it be. Right now the way I would describe today's market is for the buyer's standpoint. It's a pretty fearless market. There's kind of a perception that hey, there's a lot of excess capacity so there's no hurry for me to lock in, let me wait and see where prices are going to go. This summer to date has not been real helpful in changing that perception. So while we are making some headway, it's slower than I would like to see right now and I think again, we just need some increase in demand here to make people start acting.

Craig Shere - Standard and Poor's - Analyst

Thanks for the help.

Operator

We'll move to our next question from Devin Geoghegan with Zimmer Lucas.

Devin Geoghegan - Zimmer Lucas - Analyst

Two questions, one on Brazil. Seems like Brazil is doing much better than last year and was wondering if you could sort of reiterate what's going on so I can keep those items in my head.

Fred Fowler - Duke Energy Corporation - President and COO

Yes, really there are two things. We had capacity that rolled off and we went ahead and sold that ahead at better prices. The other thing that we have done is we have had a lot of focus on costs. That has been a major effort across the entire international operation over the last year and we're just starting to see the benefits of that.

Devin Geoghegan - Zimmer Lucas - Analyst

When you mentioned capacity rolling off, my understanding of those contracts is simply that about 25% rolls off each year through 2005.

Fred Fowler - Duke Energy Corporation - President and COO

Correct.

Devin Geoghegan - Zimmer Lucas - Analyst

Has pricing improved such that each quarter of the contract that falls off should be able to contract higher?

Fred Fowler - Duke Energy Corporation - President and COO

Yes.

Devin Geoghegan - Zimmer Lucas - Analyst

OK. And in the second thing is just to touch on the amount of EBIT that's being lost through the asset sales. Think back in the first quarter you guys had put out a number of like \$155 million and now it's about \$200 million, which I think becomes a nickel a share. How much increase in debt pay down is coinciding with that debt? Does that make sense?

Robert Brace - Duke Energy Corporation - EVP and CFO

Yes. Well, we're talking about \$1.6 billion of gross proceeds, about \$1.5 billion dollars of net proceeds after tax and that's sort of

the equivalent of the \$200 million. I can't quite remember where we were, what our forecast was relating to the \$155 million. Maybe it was \$1.2 billion or something like that. But, you know, it depends on the mix of assets that we sell as well as the quantum. So we're just refining the forecast giving you a slightly better number.

Devin Geoghegan - Zimmer Lucas - Analyst

OK, great. Thank you very much.

Operator

We'll take our next question today from Ashar Khan at Foresight.

Ashar Khan - Foresight - Analyst

Hi. Just going back, if I can just go to the asset sale question that was addressed in the beginning, Robert, do we understand it you said in your projections you're not including the \$175 million in the DENA numbers for this year, if I'm right. So the \$237 million that you announced in the quarter, if you take the \$175 million which is not included as part of your forecast, if I'm correct on that first question.

Robert Brace - Duke Energy Corporation - EVP and CFO

In so far as DENA is concerned, yes. We talked about \$200 million of EBIT for DENA for the full year excluding profits, losses asset sales, that's what we talked about at the beginning of the year. We are just under halfway towards that goal with six months gone and quarter three is normally a big quarter and we'll have to see how quarter three comes out to see where DENA ends up.

Ashar Khan - Foresight - Analyst

Can you just go back to DENA. Could you tell us, are you how far behind budget or where you are versus budget as you stand today?

Robert Brace - Duke Energy Corporation - EVP and CFO

Budget is a different thing. In terms of our \$200 million of EBIT target, we're sort of on track. I mean we would rather the markets to have been a bit better and rather to have things a bit stronger, you know, so we're coming up from below a bit.

Ashar Khan - Foresight - Analyst

OK. So you think it's still on track today with looking at as you mentioned, July was weak in terms of weather, but taking that in to account you're still on track?

Fred Fowler - Duke Energy Corporation - President and COO

Well, I would say it a little differently. I would say for the first half we were pretty much on track. I would say that July weather has us behind a little on the third quarter.

Ashar Khan - Foresight - Analyst

OK.

Robert Brace - Duke Energy Corporation - EVP and CFO

And remember, we have also done a few structural changes at DENA which haven't helped. You know, we have gone out of proprietary trading where we historically had profits so they have to make that up elsewhere. There have been a few things like that that have been negative for DENA. The \$200 million for the year, still our target, but it's a challenge. I mean we said that at the beginning of the year and it's still a challenge.

Ashar Khan - Foresight - Analyst

Going back to, if I can just finish off on DENA, the other sources of gross margin which you kind of mention right now were projected to be around \$425 million for the year, if I'm right, you said for the six months you're at \$134 million if I calculate the numbers right. Is the majority of I guess the remaining \$300 million or so, can we envision the majorities of those are kind of marketed for the third quarter at the end of the third quarter? Do you know where we should be looking for that number?

Robert Brace - Duke Energy Corporation - EVP and CFO

The number that we still have to make over and above our low-risk gross margin to hit our EBIT target is \$266 million.

Ashar Khan - Foresight - Analyst

OK.

Robert Brace - Duke Energy Corporation - EVP and CFO

So that \$266 million is not all going to come in quarter 3. We expect quarter 3 normally to be bigger than quarter 4. But time will tell and we'll just see how we go.

Ashar Khan - Foresight - Analyst

OK. Thank you very much.

Robert Brace - Duke Energy Corporation - EVP and CFO

Thank you.

Operator

We will move on to Carrie Stevens at Morgan Stanley.

Carrie Stevens - Morgan Stanley - Analyst

Good morning.

Robert Brace - Duke Energy Corporation - EVP and CFO

Good morning.

Carrie Stevens - Morgan Stanley - Analyst

A of couple questions. First I noted that in the year 2004 and 2005 looking at your merchant plant production, that the estimated production numbers have fallen since the first quarter of 2003. More specifically with the peaker unit, I was curious if you could give us an update there and why you had taken those numbers down, what you may be seeing.

Robert Brace - Duke Energy Corporation - EVP and CFO

These are dynamic calculations about exactly what we think will come out. And it's a calculation done on the spark spreads and volatility, etc. And it's continually refined and you're right, they have gone down a bit. For instance, for 2004 we're saying 34 million megawatt hours now compared with 36 million, I think we said last quarter.

Carrie Stevens - Morgan Stanley - Analyst

Right.

Robert Brace - Duke Energy Corporation - EVP and CFO

And the peaker is 2 million instead of 3 million within that. It might go up again next quarter. It's continually refined the estimate.

Carrie Stevens - Morgan Stanley - Analyst

OK. Is that why the hedged numbers have gone up is because estimated production has gone down?

Robert Brace - Duke Energy Corporation - EVP and CFO

To some extent, yes, because that effects the denominator in the calculation.

Carrie Stevens - Morgan Stanley - Analyst

OK. So it would be more -

Robert Brace - Duke Energy Corporation - EVP and CFO

But it's not the only reason.

Carrie Stevens - Morgan Stanley - Analyst

But there were some more hedges put on as well?

Robert Brace - Duke Energy Corporation - EVP and CFO

Yes, because we have gone up, take 2004 for example, we're saying we are 85% hedged now. Last time if I remember rightly, we said we were 76% hedged so we added 9%, points whereas the denominator will have moved by, you know, a little bit less than that.

Carrie Stevens - Morgan Stanley - Analyst

OK. And then a question on asset sales it appears that you kind of feel like maybe this is the end of asset sales for this year. Is that fair? Because you kind of readjusted your numbers? How should we think of it? Is it halted for now and restarted in 2004? Is that a kind of continual program?

Robert Brace - Duke Energy Corporation - EVP and CFO

We have to close on the balance. We have closed on \$1.2 billion.

Carrie Stevens - Morgan Stanley - Analyst

Right.

Robert Brace - Duke Energy Corporation - EVP and CFO

So we have to close on the balance. We are not slowing down, but we have actually done what we said we would do for this year.

Carrie Stevens - Morgan Stanley - Analyst

Right.

Robert Brace - Duke Energy Corporation - EVP and CFO

And so I suspect most, our attention will start to roll on to 2004 because the way we target it, we target it on sort of closures. So I mean we're not raising our target for 2003. We will stick at \$1.6 billion.

Carrie Stevens - Morgan Stanley - Analyst

And then lastly, just curious, looking at the year-to-date results in the pipeline and international business, you're running at maybe 60% or 2/3 of your year end target but you didn't really note any particular upside yet. What's the thinking there? I mean it seems like you could be poised for upside. Just curious if you could elaborate on that.

Fred Fowler - Duke Energy Corporation - President and COO

I think, Carrie, we're still very much on target. We were very fortunate in that we did have a good first quarter. If the balance of the year hangs together we'll do okay but we still have vulnerability at this stage and I wouldn't want to up it right now at the midpoint.

Carrie Stevens - Morgan Stanley - Analyst

OK, great.

Robert Brace - Duke Energy Corporation - EVP and CFO

There's also some drag in the second half from the asset sales.

Carrie Stevens - Morgan Stanley - Analyst

OK.

Robert Brace - Duke Energy Corporation - EVP and CFO

The DEGT did in the first half.

Carrie Stevens - Morgan Stanley - Analyst

OK, great. Thank you.

Operator

We'll go next to Steve Fleishman at Merrill Lynch.

Steve Fleishman - Merrill Lynch Global Securities - Analyst

Hi, gentlemen.

Robert Brace - Duke Energy Corporation - EVP and CFO

Good morning.

Steve Fleishman - Merrill Lynch Global Securities - Analyst

Couple questions. First, on the hedge margin at DENA, can you update where you are now on 2004 hedge margin relative to that \$400 million number?

Robert Brace - Duke Energy Corporation - EVP and CFO

Yes. I mean we have had one -- normally I would say it was unchanged but there was a significant event in that the bankruptcy of NEG I think it was in the West, subsidiary of PG&E caused us to cancel some transportation contract that took about \$40 million or something out of the low risk margin as we calculate it. We still have those transportation positions that's we can re-contract but at this stage we haven't re-contracted them. So the \$400 million has gone down a bit since we talked to you in May.

Steve Fleishman - Merrill Lynch Global Securities - Analyst

So it's \$360 million?

Robert Brace - Duke Energy Corporation - EVP and CFO

Yes, order of magnitude.

Steve Fleishman - Merrill Lynch Global Securities - Analyst

OK. On that same topic, could you discuss your credit exposures to Mirant and I guess NEGNRG?

Robert Brace - Duke Energy Corporation - EVP and CFO

Yes, the way I summarize it in total, I don't think we have massive credit exposure. We have a well-organized risk management group. We manage our positions, but we do trade with these people and we have small amounts of exposure, which we manage. But we're not looking at anything significant at the moment.

Steve Fleishman - Merrill Lynch Global Securities - Analyst

OK.

Robert Brace - Duke Energy Corporation - EVP and CFO

And with Mirant...

Steve Fleishman - Merrill Lynch Global Securities - Analyst

Are you going to provide those numbers? I know you did like Enron in other times.

Robert Brace - Duke Energy Corporation - EVP and CFO

They're just not significant. In Enron's case it was clearly significant and we had \$350 million or so of exposure and we had \$300 million or so of collateral so we ended up with a net \$43 million write-off for the group as a whole at Enron, we're assuming no recovery on that. In terms of Mirant and others are concerned, we're trading with them, we have positions nowhere near like the Enron positions were and we don't feel we have any significant exposure.

Steve Fleishman - Merrill Lynch Global Securities - Analyst

OK. I guess the one last question or comment is, I'm a little surprised on the comments on the asset sale gains, the included numbers because if I recall that was an issue we discussed in past years, I thought going into this year you were not going to include those in your guidance. Maybe I just misunderstood that.

Robert Brace - Duke Energy Corporation - EVP and CFO

We never said that, Steve. I remember distinctly in January on the call when Rick was asked about that, he said that there were some asset sales included in the \$1.35 to \$1.60 per share range. But we weren't specific about what it was. And obviously at that point in time we had a much lower gross proceeds target. So it was difficult for us to calculate exactly what the profit and losses on sales would be. But as I said earlier, you know, as we do better on the asset sales would you expect us to be higher in the range and if we do not so well on the profits, would you expect us to be at the lower end of the range.

Steve Fleishman - Merrill Lynch Global Securities - Analyst

OK. When you guys gave us all the credit data on net income and the like and such when you had kind of cash in for asset sales, did you have asset sale booked in the net income, in all the treasury data you have given us?

David Hauser - Duke Energy Corporation - Senior Vice President and Treasurer

You're talking about when we did the monthly chat and all of that?

Steve Fleishman - Merrill Lynch Global Securities - Analyst

Yes, because that would have been -

David Hauser - Duke Energy Corporation - Senior Vice President and Treasurer

Some gains on asset sales were in that number.

Steve Fleishman - Merrill Lynch Global Securities - Analyst

OK. One last question is when do you think you'll be in a position to provide guidance on 2004?

Fred Fowler - Duke Energy Corporation - President and COO

I would say probably in the fourth quarter.

Steve Fleishman - Merrill Lynch Global Securities - Analyst

OK. Thanks, guys.

Robert Brace - Duke Energy Corporation - EVP and CFO

Thank you.

Operator

We'll go next to Tom Hamlin at Wachovia Securities.

Tom Hamlin - Wachovia Securities - Analyst

Good morning. Can you tell me where in your existing \$1.35 to \$1.60 per share guidance if DENA hits its \$200 million, where you end up? What's your assumption? Would you be, if it hit exactly \$200 million, would you be in the middle of that range? High end or low end?

Robert Brace - Duke Energy Corporation - EVP and CFO

I don't think DENA is the crucial issue about whether we get in the range or not. I mean DENA, it's about \$14 million is one cent. So 5 cents would be \$70 million, so I suppose it could get to be

swift. But obviously the better DENA does, the more chance of us being at the better end of the range.

Tom Hamlin - Wachovia Securities - Analyst

So at the beginning of the year, with DENA at \$200 million, where would you be in the range?

Robert Brace - Duke Energy Corporation - EVP and CFO

Well, we said at the beginning of the year we were hoping to be in the upper half, targeting to be at the upper half of the range is where we were targeting to be. That's what we said with DENA in at \$200 million.

Tom Hamlin - Wachovia Securities - Analyst

In the upper half?

Robert Brace - Duke Energy Corporation - EVP and CFO

Yes.

Tom Hamlin - Wachovia Securities - Analyst

With some asset sales in there?

Robert Brace - Duke Energy Corporation - EVP and CFO

Yes.

Tom Hamlin - Wachovia Securities - Analyst

OK. And was I correct in that it's your belief that the \$200 million of operating income foregone through the asset sales will be pretty well offset by savings in interest costs and would that hold true for the second half of the year as well?

Robert Brace - Duke Energy Corporation - EVP and CFO

Well, let me clarify - the \$200 million is an annualized figure. It's in the full year.

Tom Hamlin - Wachovia Securities - Analyst

Right.

Robert Brace - Duke Energy Corporation - EVP and CFO

In 2003 we expect about \$120 million relating to that \$200 million, so the year effect will be about \$120 million.

Tom Hamlin - Wachovia Securities - Analyst

Second half?

Robert Brace - Duke Energy Corporation - EVP and CFO

Most of that in the second half, say \$100 million or so in the second half.

Tom Hamlin - Wachovia Securities - Analyst

OK.

Robert Brace - Duke Energy Corporation - EVP and CFO

You know, in round numbers. .

Tom Hamlin - Wachovia Securities - Analyst

You'll offset with the full \$100 million?

Robert Brace - Duke Energy Corporation - EVP and CFO

The interest doesn't offset it immediately because we pay down a lot of CP which is relatively low cost and so there will be a drag, if you exclude the gains on asset sales, there will be a drag as a result of the sales.

Tom Hamlin - Wachovia Securities - Analyst

There's also an income effect from your decision to carry higher cash balances as well?

Robert Brace - Duke Energy Corporation - EVP and CFO

Yes, although it's not terribly uneconomic for us to do that. David and his treasury team are pretty good and they manage that quite well.

Tom Hamlin - Wachovia Securities - Analyst

OK. Thanks a lot, Robert.

Fred Fowler - Duke Energy Corporation - President and COO

The other thing that helped us offset this year is the good first quarter that we had in our regulated businesses.

Tom Hamlin - Wachovia Securities - Analyst

OK. Great. Thank you.

Operator

We'll go next to Zack Schreiber at Duquesne Capital.

Zack Schreiber - Duquesne Capital - Analyst

Hi, it's Zack Schreiber, can you hear me?

Robert Brace - Duke Energy Corporation - EVP and CFO

You bet.

Zack Schreiber - Duquesne Capital - Analyst

I was wondering if we can get more clarity on asset sale gains. Is what you're saying that embedded in your guidance is the asset sale gains that are occurring at all the other business lines except DENA? And that you're not including asset sale gains in the \$200 million dollars of EBIT guidance for DENA? Or are you saying that you're looking at the DENA EBIT guidance and not including gains in there but including all the gains in the \$1.35 to \$1.60 per share?

Robert Brace - Duke Energy Corporation - EVP and CFO

What I'm saying is treat the DENA guidance completely separately because we gave DENA guidance separately at \$200 million and specifically said \$200 million excluding profits and losses on asset sales. None of that affects the \$1.35 to \$1.60 per share range or anything else we said. The other thing we said is that because we have sold more assets than we thought we would and we have made some gains so far, these gains are a little higher than we had in mind when we started because we didn't really know what the gains would be when we started because we didn't know which assets we were going to sell particularly and at what prices we would be able to sell them. So it's very difficult to forecast significantly in advance.

Zack Schreiber - Duquesne Capital - Analyst

I guess can you just go over for us what the year-to-date asset sale gains are? And whether or not in the \$1.35 to \$1.60 per share we should be including those or excluding those? Maybe that's just a simple way of asking the question.

Robert Brace - Duke Energy Corporation - EVP and CFO

I can certainly tell you what the gains are in the year. I mean what you include and what you don't include I can't.

Zack Schreiber - Duquesne Capital - Analyst

I'm asking you, Robert, what you include and exclude.

Robert Brace - Duke Energy Corporation - EVP and CFO

Yes, but you can't compare the numbers, you see, because when we set up the range of \$1.35 to \$1.60 per share, we didn't have these asset sales and the gains. We just had an estimate and the estimate isn't consistent. You'll get a different number. We had many ranges of things, including what the asset sales might be and then when we aggregated those, we came up with a range for Duke Energy of \$1.35 to \$1.60 per share. So you can't answer the question, what is the one number. I'm happy to give you the actual numbers of what we have actually sold.

Zack Schreiber - Duquesne Capital - Analyst

That would be great.

Robert Brace - Duke Energy Corporation - EVP and CFO

If I do it in the six months, most happened in the three months, but in the six months, for instance, we have had gains in DEFS on the sale of assets of \$26 million. We have had gains on TEPPCO class A units of \$11 million, and that was at DEFS. At DEGT, gains of \$31 million on the alliance pipeline plant. DEGT we also have had \$14 million of gains on the northern border units. At DENA we have had the \$175 million gain on the sale of American Refuels. We had a few other pluses and minuses and we had some losses on the sale of our hydrocarbons position.

Zack Schreiber - Duquesne Capital - Analyst

How big were those losses?

Robert Brace - Duke Energy Corporation - EVP and CFO

Well, we didn't disclose them specifically. They weren't totally there, I just mention them as part of the pluses and minuses. If you add the numbers I have given you, they come to more or less the 17 cents.

Zack Schreiber - Duquesne Capital - Analyst

So basically what you're saying is that there was some gains in there, but the gain that you have had on a year-to-date basis are larger or a lot larger than what was embedded in there at the outset?

Robert Brace - Duke Energy Corporation - EVP and CFO

Right.

Zack Schreiber - Duquesne Capital - Analyst

What you're not explaining to us is how much greater the gains you've had year-to-date are relative to the gains that you expected in the original guidance. Maybe that would be helpful.

Robert Brace - Duke Energy Corporation - EVP and CFO

The original guidance, we're talking well over six months ago, we had lots of things and had ranges on them. Not just asset sales and not just point estimates. The 17 cents that we have so far was just above the top end of our gains range.

But then we also had lower estimates. So the way to look at it is within the \$1.35 to \$1.60 per share. If we have more gains than sales and everything else had been the same as we forecast, then would you have expected us to be at the upper end. If the gains had been lower, we would have been lower in the range. But it's not. I don't think it's particularly material in the total.

Zack Schreiber - Duquesne Capital - Analyst

OK. Just a separate question is if I recall, just at the DEI level, was there a benefit from the weaker --there was a foreign currency benefit in the EBIT results at DEI or was that all sort of a wash given that the structure of your hedges? And the last question is, working capital, was it a big benefit, I think \$300 million? Can you explain to us what's going on at working capital, what you see the rest of the year?

Robert Brace - Duke Energy Corporation - EVP and CFO

OK. Let me do DEI first. DEI, that was a negative on the FX translation effect quarter over quarter on DEI of about \$10 million.

Zack Schreiber - Duquesne Capital - Analyst

Got it.

Robert Brace - Duke Energy Corporation - EVP and CFO

They had some pluses, though. There was a regulatory settlement in Brazil which went in our favor for \$19 million, that was a plus. And we had a profit on the cancellation of a contract, \$18 million so. We had \$37 million-plus, if you want to look at it that way, and a \$10 million drag in the FX, \$27 million plus on DEI in the quarter. In terms of the working capital improvements in the quarter, some of it related to collateral moves. I think that was the biggest element, when a benefit from collateral moves. I think generally as Fred says, we're generally squeezing all the businesses and trying to manage them efficiently so there was some pluses and minuses. Main movement in the \$300 million was collateral.

Zack Schreiber - Duquesne Capital - Analyst

And year-to-date where you are on working capital?

Robert Brace - Duke Energy Corporation - EVP and CFO

In what way, Zack?

Zack Schreiber - Duquesne Capital - Analyst

For the six months as -- I mean if I recall in your operating cash flow guidance you assume working capital is a zero for the full year. We had this benefit in the second quarter, I forgot if we had a major negative in the first quarter.

Robert Brace - Duke Energy Corporation - EVP and CFO

We don't assume working capital zero necessarily but we assume collateral doesn't move when we did the calculations, I think back a quarter or so ago. There was also some tax benefits I think in the \$300 million, some timing of tax payments. I think for the full-year I think we're feeling pretty comfortable with the guidance that we and David and others gave you earlier in the year.

Zack Schreiber - Duquesne Capital - Analyst

OK, great. I'll follow up off-line. Thank you.

Operator

We'll move next to Jose Almonte with the Clinton Group.

Jose Almonte - Clinton Group - Analyst

Good morning. Just a couple quick questions. I was wondering whether or not you could discuss what impact, if any, increased fuel cost have had at the franchise electric level. I thought I had seen a press release that you were in the process of trying to request an increase at the South Carolina operations and also, you

know, what increased fuel costs, what impact it might have on North Carolina operations given your, I guess the fact that you operate under a rate freeze at this point in time.

Robert Brace - Duke Energy Corporation - EVP and CFO

On the fuel, we have a pass-through to fuel.

Fred Fowler - Duke Energy Corporation - President and COO

The rate freeze doesn't apply to the fuel driver.

Jose Almonte - Clinton Group - Analyst

All right. How -- can you remind me how that works? And whether or not, you know, fuel costs have had a negative adverse effect?

Fred Fowler - Duke Energy Corporation - President and COO

Fuel costs hasn't had -

Robert Brace - Duke Energy Corporation - EVP and CFO

It's had zero effect.

Jose Almonte - Clinton Group - Analyst

And then -- thank you. Secondly, can you give us an update as to your expectations on renewing or replacing the near term bank maturities at Duke Capital over the next month or so, I think at another point in time you have stated that your intention would be to reduce those facilities or rely on the facilities.

Robert Brace - Duke Energy Corporation - EVP and CFO

David will do that.

David Hauser - Duke Energy Corporation - Senior Vice President and Treasurer

It is still our intention to reduce our reliance on those facilities. Obviously with our current credit rating at Duke capital, commercial paper program will be smaller at Duke Capital so, we will be substantially reducing those facilities that mature in August.

Jose Almonte - Clinton Group - Analyst

OK. And you just permanently reduce them? Would you anticipate, because, you know, I guess would we then expect the total available liquidity at Duke Capital, to decline from where it is currently now by \$500 million as a result of reducing the facility? I mean what sort of guidance can you provide?

David Hauser - Duke Energy Corporation - Senior Vice President and Treasurer

We have not made that final decision of whether we're going to try to do some of it. Our plans before were to do some of it, but you can assume that there certainly will be a reduction. We have not determined if it will be the full \$500 million or not.

Jose Almonte - Clinton Group - Analyst

Finally, if you could touch upon I guess the issue in South Carolina with respect to over-earning, whether or not they there may be collateral issues in North Carolina. I guess there was some report in the Charlotte observer that some folks were concerned you may have been over-earning at the utility level there.

Fred Fowler - Duke Energy Corporation - President and COO

Yes, this past year did have some fairly unusual items involved with it primarily the big one being the fact that we had extremely high natural gas prices in the first quarter of this year at a time when, as a result of what was going on in our market area we had quite a bit of excess generation, which we sold into the surrounding markets, knocking off that high-priced gas load. If you sit, look at on it a historical basis I think what 25 out of the last 29 reporting periods we have been under. We are working with the South Carolina regulators at this point, responding to that. But it's too early to know what actions, if any, will have to be taken.

Jose Almonte - Clinton Group - Analyst

Do you anticipate any sort of collateral issues with respect to North Carolina?

Fred Fowler - Duke Energy Corporation - President and COO

No.

Jose Almonte - Clinton Group - Analyst

All right, thank you.

Fred Fowler - Duke Energy Corporation - President and COO

The reason being is, one of the reasons the other primary cause for the jump was the fact that we had an asbestos reserve we took three years ago that had amortized off. In North Carolina we have the new clean air settlement amortization that we're now doing. So we're not approaching the earnings over the allowed returns in North Carolina as a result of that. We don't have that in South Carolina.

Robert Brace - Duke Energy Corporation – EVP and CFO

Is that OK?

Jose Almonte - Clinton Group - Analyst

Yes. Thank you.

Operator

We'll take our final question today from Rose-Lynn Armstrong at S.A.C Capital.

Rose-Lynn Armstrong - S.A.C Capital - Analyst

Hi, Robert. I have two questions. First is regarding the earnings and guidance. I understand that the guidance range included some level of gains in it. But if we exclude the 17 cents of year-to-date gains and all potential future gains for this year, would you still expect to meet the top half of the range?

Robert Brace - Duke Energy Corporation - EVP and CFO

I don't think I could say that.

Rose-Lynn Armstrong - S.A.C Capital - Analyst

OK. And when you say you don't think you can say that - you're saying you don't know or it's not likely?

Robert Brace - Duke Energy Corporation - EVP and CFO

Well, I don't think we would forecast to be in the top half of the range today without any asset sales. And we wouldn't have forecast probably to be necessarily at the beginning of the year either, but that's a different issue.

Rose-Lynn Armstrong - S.A.C Capital - Analyst

OK. Fair enough. And then given that, would you, if we exclude all gains for 2003, would you expect to meet the low end of the range, the \$1.35?

Robert Brace - Duke Energy Corporation – EVP and CFO

I think we're hopeful, yes.

Rose-Lynn Armstrong - S.A.C Capital - Analyst

You're hopeful would you meet the low end of the range excluding all gains?

Robert Brace - Duke Energy Corporation – EVP and CFO

Yes.

Rose-Lynn Armstrong - S.A.C Capital - Analyst

OK. And then on a separate topic, Gas Transmission, when I look at the year-to-date results and I adjust for the \$31 million gain this year, the \$27 million sort of one-time fee last year and the \$135 million for the two additional months of Westcoast Energy, it looks to me like gas transmission year-to-date grew about 2%. What is your targeted EBIT growth for gas transmission?

Fred Fowler - Duke Energy Corporation – President and COO

The 5% to 7% range.

Rose-Lynn Armstrong - S.A.C Capital - Analyst

5% to 7%, OK and would you say that my growth calculation is fairly accurate and that you may be running a little below target?

Robert Brace - Duke Energy Corporation - EVP and CFO

I think we're running pretty much on target. I think probably I would exclude more out of last year's ongoing than you have in your calculation.

Rose-Lynn Armstrong - S.A.C Capital - Analyst

For what?

Fred Fowler - Duke Energy Corporation - President and COO

Well we had several one-time items. The Gulfstream success fee, which is the number we had. Northern border unit sales. Asset sales last year. We had two, three one-times. Again, I'm sorry they're just not in my head at the moment. We can cover it with you off-line and give you a little more clarity on the items.

Rose-Lynn Armstrong - S.A.C Capital - Analyst

OK. Thank you.

Greg Ebel - Duke Energy Corporation - VP Investor and Shareholder Relations

Thanks very much. That brings us to the end of our time. We will be available to take calls from all of you and we look forward to seeing those of you who will be present at our quarterly meetings in Boston and New York on Friday. Thanks very much.

Operator

That does conclude today's conference call. Thank you all for joining us and have a good day.