

FINANCIAL HIGHLIGHTS^a

(In millions, except per-share amounts)	2005	2004	2003 ^c	2002	2001
Statement of Operations					
Operating revenues	\$ 16,746	\$ 20,549	\$ 18,021	\$ 14,752	\$ 15,383
Operating expenses	13,855	17,376	17,087	12,393	13,036
Gains on sales of investments in commercial and multi-family real estate	191	192	84	106	106
Gains (losses) on sales of other assets, net	534	(404)	(199)	32	238
Operating income	3,616	2,961	819	2,497	2,691
Other income and expenses, net	1,800	305	550	369	293
Interest expense	1,062	1,281	1,330	1,116	777
Minority interest expense	538	200	62	91	268
Earnings (loss) from continuing operations before income taxes	3,816	1,785	(23)	1,659	1,939
Income tax expense (benefit) from continuing operations	1,283	533	(94)	514	713
Income from continuing operations	2,533	1,252	71	1,145	1,226
(Loss) income from discontinued operations, net of tax	(705)	238	(1,232)	(111)	768
Income (loss) before cumulative effect of change in accounting principle	1,828	1,490	(1,161)	1,034	1,994
Cumulative effect of change in accounting principle, net of tax and minority interest	(4)	—	(162)	—	(96)
Net income (loss)	1,824	1,490	(1,323)	1,034	1,898
Dividends and premiums on redemption of preferred and preference stock	12	9	15	13	14
Earnings (loss) available for common stockholders	\$ 1,812	\$ 1,481	\$ (1,338)	\$ 1,021	\$ 1,884
Ratio of Earnings to Fixed Charges^d	4.7	2.4	— ^b	2.1	2.8
Common Stock Data					
Shares of common stock outstanding					
Year-end	928	957	911	895	777
Weighted average—basic	934	931	903	836	767
Weighted average—diluted	970	966	904	838	773
Earnings (loss) per share					
Basic	\$1.94	\$1.59	\$(1.48)	\$1.22	\$2.45
Diluted	1.88	1.54	(1.48)	1.22	2.44
Dividends per share	1.17	1.10	1.10	1.10	1.10
Balance Sheet					
Total assets	\$ 54,723	\$ 55,770	\$ 57,485	\$ 60,122	\$ 49,624
Long-term debt including capital leases, less current maturities	\$ 14,547	\$ 16,932	\$ 20,622	\$ 20,221	\$ 12,321
Capitalization					
Common equity	50%	45%	37%	36%	41%
Preferred stock	0%	0%	0%	1%	1%
Trust preferred securities	0%	0%	0%	3%	5%
Total common equity and preferred securities	50%	45%	37%	40%	47%
Minority interests	2%	4%	5%	5%	7%
Total debt	48%	51%	58%	55%	46%

^a Significant transactions reflected in the results above include: 2005 DENA disposition (see Note 13 to the Consolidated Financial Statements, "Discontinued Operations and Assets Held for Sale"), 2005 deconsolidation of DEFS effective July 1, 2005 (see Note 2 to the Consolidated Financial Statements, "Acquisitions and Dispositions"), 2005 DEFS sale of TEPPCO (see Note 2 to the Consolidated Financial Statements, "Acquisitions and Dispositions"), 2004 DENA sale of the Southeast plants (see Note 2 to the Consolidated Financial Statements, "Acquisitions and Dispositions") and 2003 DENA charges (see Note 13 to the Consolidated Financial Statements, "Discontinued Operations and Assets Held for Sale").

^b Earnings were inadequate to cover fixed charges by \$19 million for the year ended December 31, 2003.

^c As of January 1, 2003, Duke Energy adopted the remaining provisions of Emerging Issues Task Force (EITF) 02-03, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and for Contracts Involved in Energy Trading and Risk Management Activities" (EITF 02-03) and SFAS No. 143, "Accounting for Asset Retirement Obligations." In accordance with the transition guidance for these standards, Duke Energy recorded a net-of-tax and minority interest cumulative effect adjustment for change in accounting principles. (See Note 1 to the Consolidated Financial Statements, "Summary of Significant Accounting Policies," for further discussion.)

^d Includes pre-tax gains on the sale of TEPPCO GP and LP of approximately \$0.9 billion, net of minority interest, in 2005.

See Notes to Consolidated Financial Statements in Duke Energy's 2005 Form 10-K.

CONSOLIDATED STATEMENTS OF OPERATIONS

Years Ended December 31

(In millions, except per-share amounts)	2005	2004	2003
Operating Revenues			
Nonregulated electric, natural gas, natural gas liquids, and other	\$ 7,661	\$ 12,232	\$ 10,088
Regulated electric	5,406	5,041	4,851
Regulated natural gas and natural gas liquids	3,679	3,276	3,082
Total operating revenues	16,746	20,549	18,021
Operating Expenses			
Natural gas and petroleum products purchased	6,279	10,156	8,479
Operation, maintenance and other	3,553	3,317	3,496
Fuel used in electric generation and purchased power	1,584	1,576	1,465
Depreciation and amortization	1,728	1,750	1,675
Property and other taxes	571	513	499
Impairments and other charges	140	64	1,219
Impairment of goodwill	—	—	254
Total operating expenses	13,855	17,376	17,087
Gains on Sales of Investments in Commercial and Multi-Family Real Estate	191	192	84
Gains (Losses) on Sales of Other Assets, net	534	(404)	(199)
Operating Income	3,616	2,961	819
Other Income and Expenses			
Equity in earnings of unconsolidated affiliates	479	161	123
Gains (Losses) on sales and impairments of equity method investments	1,225	(4)	279
Other income and expenses, net	96	148	148
Total other income and expenses	1,800	305	550
Interest Expense	1,062	1,281	1,330
Minority Interest Expense	538	200	62
Earnings (Loss) from Continuing Operations Before Income Taxes	3,816	1,785	(23)
Income Tax Expense (Benefit) from Continuing Operations	1,283	533	(94)
Income from Continuing Operations	2,533	1,252	71
(Loss) Income from Discontinued Operations, net of tax	(705)	238	(1,232)
Income (Loss) Before Cumulative Effect of Change in Accounting Principle	1,828	1,490	(1,161)
Cumulative Effect of Change in Accounting Principle, net of tax and minority interest	(4)	—	(162)
Net Income (Loss)	1,824	1,490	(1,323)
Dividends and Premiums on Redemption of Preferred and Preference Stock	12	9	15
Earnings (Loss) Available for Common Stockholders	\$ 1,812	\$ 1,481	\$ (1,338)
Common Stock Data			
Weighted-average shares outstanding			
Basic	934	931	903
Diluted	970	966	904
Earnings per share (from continuing operations)			
Basic	\$ 2.69	\$ 1.33	\$ 0.06
Diluted	\$ 2.61	\$ 1.29	\$ 0.06
(Loss) Earnings per share (from discontinued operations)			
Basic	\$(0.75)	\$ 0.26	\$(1.36)
Diluted	\$(0.73)	\$ 0.25	\$(1.36)
Earnings (Loss) per share (before cumulative effect of change in accounting principle)			
Basic	\$ 1.94	\$ 1.59	\$(1.30)
Diluted	\$ 1.88	\$ 1.54	\$(1.30)
Earnings (Loss) per share			
Basic	\$ 1.94	\$ 1.59	\$(1.48)
Diluted	\$ 1.88	\$ 1.54	\$(1.48)
Dividends per share	\$ 1.17	\$ 1.10	\$ 1.10

See Notes to Consolidated Financial Statements in Duke Energy's 2005 Form 10-K.

CONSOLIDATED BALANCE SHEETS

December 31

(In millions)	2005	2004
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 511	\$ 533
Short-term investments	632	1,319
Receivables (net of allowance for doubtful accounts of \$127 at December 31, 2005 and \$135 at December 31, 2004)	2,580	3,184
Inventory	863	942
Assets held for sale	1,528	40
Unrealized gains on mark-to-market and hedging transactions	87	962
Other	1,756	938
Total current assets	7,957	7,918
Investments and Other Assets		
Investments in unconsolidated affiliates	1,933	1,292
Nuclear decommissioning trust funds	1,504	1,374
Goodwill	3,775	4,148
Notes receivable	138	232
Unrealized gains on mark-to-market and hedging transactions	62	1,379
Assets held for sale	3,597	84
Investments in residential, commercial and multi-family real estate (net of accumulated depreciation of \$17 at December 31, 2005, and \$15 at December 31, 2004)	1,281	1,128
Other	2,743	1,949
Total investments and other assets	15,033	11,586
Property, Plant and Equipment		
Cost	40,574	46,806
Less accumulated depreciation and amortization	11,374	13,000
Net property, plant and equipment	29,200	33,806
Regulatory Assets and Deferred Debits		
Deferred debt expense	269	297
Regulatory assets related to income taxes	1,338	1,269
Other	926	894
Total regulatory assets and deferred debits	2,533	2,460
Total Assets	\$ 54,723	\$ 55,770

See Notes to Consolidated Financial Statements in Duke Energy's 2005 Form 10-K.

December 31

(In millions)	2005	2004
LIABILITIES AND COMMON STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	\$ 2,431	\$ 2,414
Notes payable and commercial paper	83	68
Taxes accrued	327	273
Interest accrued	230	287
Liabilities associated with assets held for sale	1,488	30
Current maturities of long-term debt	1,400	1,832
Unrealized losses on mark-to-market and hedging transactions	204	819
Other	2,255	1,779
Total current liabilities	8,418	7,502
Long-term Debt	14,547	16,932
Deferred Credits and Other Liabilities		
Deferred income taxes	5,253	5,228
Investment tax credit	144	154
Unrealized losses on mark-to-market and hedging transactions	10	971
Liabilities associated with assets held for sale	2,085	14
Asset retirement obligations	2,058	1,926
Other	5,020	4,982
Total deferred credits and other liabilities	14,570	13,275
Commitments and Contingencies		
Minority Interests	749	1,486
Preferred and Preference Stock without Sinking Fund Requirements	—	134
Common Stockholders' Equity		
Common stock, no par, 2 billion shares authorized; 928 million and 957 million shares outstanding at December 31, 2005, and December 31, 2004, respectively	10,388	11,252
Retained earnings	5,335	4,539
Accumulated other comprehensive income	716	650
Total common stockholders' equity	16,439	16,441
Total Liabilities and Common Stockholders' Equity	\$ 54,723	\$ 55,770

See Notes to Consolidated Financial Statements in Duke Energy's 2005 Form 10-K.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31

(In millions)	2005	2004	2003
Cash Flows from Operating Activities			
Net income (loss)	\$ 1,824	\$ 1,490	\$ (1,323)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization (including amortization of nuclear fuel)	1,884	2,037	1,987
Cumulative effect of change in accounting principle	4	—	162
Gains on sales of investments in commercial and multi-family real estate	(191)	(201)	(103)
Gain on sales of equity investments and other assets	(1,646)	(193)	(86)
Impairment charges	36	194	3,495
Deferred income taxes	282	867	(534)
Minority interest	538	195	61
Equity in earnings of unconsolidated affiliates	(479)	(161)	(123)
Purchased capacity levelization	(14)	92	194
Contribution to company-sponsored pension plans	(45)	(279)	(194)
(Increase) decrease in:			
Net realized and unrealized mark-to-market and hedging transactions	468	216	(15)
Receivables	(255)	(231)	1,188
Inventory	(80)	(48)	(30)
Other current assets	(944)	(33)	(104)
Increase (decrease) in:			
Accounts payable	81	(5)	(1,047)
Taxes accrued	53	188	(168)
Other current liabilities	622	91	70
Capital expenditures for residential real estate	(355)	(322)	(196)
Cost of residential real estate sold	294	268	167
Other, assets	191	(155)	(162)
Other, liabilities	533	158	165
Net cash provided by operating activities	2,801	4,168	3,404
Cash Flows from Investing Activities			
Capital expenditures	(2,309)	(2,161)	(2,260)
Investment expenditures, net of refund	(43)	(46)	(153)
Acquisitions, net of cash acquired	(294)	—	—
Purchases of available-for-sale securities	(41,073)	(65,929)	(40,451)
Proceeds from sales and maturities of available-for-sale securities	40,887	65,098	40,004
Net proceeds from the sales of and distributions from equity investments and other assets, and sales of and collections on notes receivable	2,375	1,619	1,976
Proceeds from the sales of commercial and multi-family real estate	372	606	314
Settlement of net investment hedges and other investing derivatives	(321)	—	—
Distributions from equity investments	383	—	—
Other	(86)	20	(106)
Net cash used in investing activities	(109)	(793)	(676)
Cash Flows from Financing Activities			
Proceeds from the:			
Issuance of long-term debt	543	153	3,009
Issuance of common stock and common stock related to employee benefit plans	41	1,704	277
Payments for the redemption of:			
Long-term debt	(1,346)	(3,646)	(2,849)
Preferred stock of a subsidiary	—	(176)	(38)
Preferred and preference stock	(134)	—	—
Guaranteed preferred beneficial interests in subordinated notes	—	—	(250)
Notes payable and commercial paper	165	(67)	(1,702)
Distributions to minority interests	(861)	(1,477)	(2,508)
Contributions from minority interests	779	1,277	2,432
Dividends paid	(1,105)	(1,065)	(1,051)
Repurchase of common shares	(933)	—	—
Proceeds from Duke Energy Income Fund	110	—	—
Other	24	19	23
Net cash used in financing activities	(2,717)	(3,278)	(2,657)
Changes in cash and cash equivalents included in assets held for sale	3	39	(55)
Net (decrease) increase in cash and cash equivalents	(22)	136	16
Cash and cash equivalents at beginning of period	533	397	381
Cash and cash equivalents at end of period	\$ 511	\$ 533	\$ 397
Supplemental Disclosures			
Cash paid for interest, net of amount capitalized	\$ 1,089	\$ 1,323	\$ 1,324
Cash paid (refunded) for income taxes	\$ 546	\$ (339)	\$ (18)
Significant non-cash transactions:			
Transfer of DEFS Canadian facilities	\$ 97	\$ —	\$ —
AFUDC—equity component	\$ 30	\$ 25	\$ 74
Conversion of convertible notes to stock	\$ 28	\$ —	\$ —
Debt retired in connection with disposition of businesses	\$ —	\$ 840	\$ 387
Note receivable from sale of southeastern plants	\$ —	\$ 48	\$ —
Remarketing of senior notes	\$ —	\$ 1,625	\$ —

See Notes to Consolidated Financial Statements in Duke Energy's 2005 Form 10-K.

CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY
AND COMPREHENSIVE INCOME (LOSS)

(In millions)	Accumulated Other Comprehensive Income (Loss)							
	Common Stock Shares	Common Stock	Retained Earnings	Foreign Currency Adjustments	Net Gains (Losses) on Cash Flow Hedges	Minimum Pension Liability Adjustment	Other	Total
Balance December 31, 2002	895	\$ 9,236	\$ 6,417	\$ (647)	\$ 422	\$ (484)	\$ —	\$ 14,944
Net loss			(1,323)					(1,323)
Other comprehensive loss								
Foreign currency translation adjustments ^a				986				986
Foreign currency translation adjustments reclassified into earnings as a result of the sale of European operations				(24)				(24)
Net unrealized gains on cash flow hedges ^b					116			116
Reclassification into earnings from cash flow hedges ^c					(240)			(240)
Minimum pension liability adjustment ^d						40		40
Total comprehensive loss								(445)
Dividend reinvestment and employee benefits	16	283	(6)					277
Common stock dividends			(993)					(993)
Preferred and preference stock dividends			(15)					(15)
Other capital stock transactions, net			(20)					(20)
Balance December 31, 2003	911	\$ 9,519	\$ 4,060	\$ 315	\$ 298	\$ (444)	\$ —	\$ 13,748
Net income			1,490					1,490
Other comprehensive income								
Foreign currency translation adjustments				279				279
Foreign currency translation adjustments reclassified into earnings as a result of the sale of Asia-Pacific Business				(54)				(54)
Net unrealized gains on cash flow hedges ^b					311			311
Reclassification into earnings from cash flow hedges ^c					(83)			(83)
Minimum pension liability adjustment ^d						28		28
Total comprehensive income								1,971
Dividend reinvestment and employee benefits	5	108	20					128
Equity offering	41	1,625						1,625
Common stock dividends			(1,018)					(1,018)
Preferred and preference stock dividends			(9)					(9)
Other capital stock transactions, net			(4)					(4)
Balance December 31, 2004	957	\$ 11,252	\$ 4,539	\$ 540	\$ 526	\$ (416)	\$ —	\$ 16,441
Net income			1,824					1,824
Other comprehensive income								
Foreign currency translation adjustments				306				306
Net unrealized gains on cash flow hedges ^b					413			413
Reclassification into earnings from cash flow hedges ^c					(1,026)			(1,026)
Minimum pension liability adjustment ^d						356		356
Other ^e							17	17
Total comprehensive income								1,890
Dividend reinvestment and employee benefits	3	41	44					85
Stock repurchase	(33)	(933)						(933)
Conversion of debt	1	28						28
Common stock dividends			(1,093)					(1,093)
Preferred and preference stock dividends			(12)					(12)
Other capital stock transactions, net			33					33
Balance December 31, 2005	928	\$ 10,388	\$ 5,335	\$ 846	\$ (87)	\$ (60)	\$ 17	\$ 16,439

^a Foreign currency translation adjustments, net of \$62 tax benefit in 2005 and \$114 tax benefit in 2003. The 2005 tax benefit related to the settled net investment hedges (see Note 8).

Substantially all of the 2005 tax benefit is an immaterial correction of an accounting error related to prior periods.

^b Net unrealized gains on cash flow hedges, net of \$233 tax expense in 2005, \$170 tax expense in 2004, and \$49 tax expense in 2003.

^c Reclassification into earnings from cash flow hedges, net of \$583 tax benefit in 2005, \$45 tax benefit in 2004, and \$130 tax benefit in 2003. Reclassification into earnings from cash flow hedges for the year ended December 31, 2005, is due primarily to the recognition of Duke Energy North America's (DENA's) unrealized net gains related to hedges on forecasted transactions which will no longer occur as a result of the plan to sell or otherwise dispose of substantially all of DENA's assets and contracts outside of the Midwestern United States and certain contractual positions related to the Midwestern assets (see Notes 8 and 13).

^d Minimum pension liability adjustment, net of \$228 tax expense in 2005, \$18 tax expense in 2004, and \$27 tax expense in 2003.

^e Net of \$10 tax expense in 2005.

See Notes to Consolidated Financial Statements in Duke Energy's 2005 Form 10-K.

NON-GAAP FINANCIAL MEASURES

2005 Earnings-per-share Incentive Target Measure

Duke Energy's 2005 Summary Annual Report references 2005 ongoing basic earnings per share (EPS) of \$1.79, which topped our incentive target of \$1.65. Ongoing basic EPS is a non-GAAP (generally accepted accounting principles) financial measure, as it represents basic EPS from continuing operations plus the per-share effect of any discontinued operations from the company's Crescent Resources real estate unit, adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The following is a reconciliation of reported basic EPS from continuing operations to ongoing basic EPS for 2005:

Basic EPS from continuing operations, as reported	\$ 2.69
Basic EPS from discontinued operations, as reported	(0.75)
Basic EPS, as reported	1.94
Adjustments to reported basic EPS:	
Basic EPS from discontinued operations excluding Crescent Resources, and cumulative effect of change in accounting principle	0.76
Basic EPS impact of special items (see detail below)	(0.91)
Basic EPS, ongoing	\$1.79

The following is the detail of the \$0.91 in special items impacting basic EPS for 2005:

(In millions, except per-share amounts)	Pre-Tax Amount	Tax Effect	2005 Basic EPS Impact
Gain on sale of TEPPCO GP (net of minority interest of \$343 million)	\$791	\$(293)	\$0.53
Gain on sale of TEPPCO LP units	97	(36)	0.07
Loss on de-designation of Field Services' hedges, net of settlements on 2005 positions	(23)	9	(0.01)
Additional liabilities related to mutual insurance companies	(28)	10	(0.02)
Gain on transfer of 19.7 percent interest in DEFS to ConocoPhillips	576	(213)	0.39
Impairment of DEI's investment in Campeche	(20)	6	(0.02)
Initial and subsequent net mark-to-market gains on de-designating Southeast DENA hedges	21	(8)	0.01
Loss on Southeast DENA contract termination	(75)	28	(0.05)
Tax adjustments	-	12	0.01
Total Basic EPS impact			\$0.91

2005 EBIT from Continuing Operations for Duke Energy North America

Duke Energy's 2005 Summary Annual Report references ongoing EBIT (earnings before interest and taxes) losses for Duke Energy North America's (DENA) continuing operations of approximately \$120 million, which are included in Other. Ongoing EBIT losses for DENA's continuing operations is a non-GAAP financial measure, as it represents reported Other EBIT adjusted to include only the results of DENA's continuing operations, excluding special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing EBIT losses for DENA's continuing operations is reported in Other EBIT, which includes DENA's EBIT losses from continuing operations, including any special items, in addition to certain other amounts that are reported as part of Other.

The following is a reconciliation of ongoing EBIT losses for DENA's continuing operations to reported Other EBIT for the year ended Dec. 31, 2005:

(In millions)	Year Ended Dec. 31, 2005
Ongoing EBIT losses for DENA's continuing operations	\$ (119)
Special items:	
Initial and subsequent net pretax mark-to-market gains on de-designating Southeast DENA hedges	21
Pretax loss on Southeast DENA contract termination	(75)
Reported EBIT losses for DENA's continuing operations	(173)
Other items included in Other EBIT ⁽¹⁾	(472)
Reported Other EBIT Loss	\$(645)

⁽¹⁾ Primarily consists of losses on de-designated hedges, captive insurance losses and corporate governance costs.

2005 Ongoing Segment EBIT Amounts for Duke Energy Field Services

Duke Energy's 2005 Summary Annual Report references ongoing segment EBIT for Field Services of \$291 million for the first six months of 2005 and \$214 million in ongoing equity earnings for the second half of 2005. Following the deconsolidation of Duke Energy Field Services LLC effective July 1, 2005, ongoing segment EBIT approximated ongoing equity earnings in Field Services. Ongoing segment EBIT is a non-GAAP financial measure, as it represents reported segment EBIT adjusted for special items, which represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing segment EBIT is reported segment EBIT, which represents EBIT from continuing operations, including any special items.

The following is a reconciliation of Field Services' ongoing segment EBIT to reported segment EBIT for the six months ended June 30, 2005, and the six months ended Dec. 31, 2005:

(In millions)	Six Months Ended June 30, 2005	
Ongoing segment EBIT		\$ 291
Special items:		
Pretax gain on sale of TEPPCO GP (net of minority interest of \$343 million)	791	
Pretax gain on sale of TEPPCO LP units	97	
Pretax loss on de-designation of Field Services' hedges, net of settlements	(96)	792
Reported segment EBIT		\$1,083

(In millions)	Six Months Ended Dec. 31, 2005	
Ongoing segment EBIT (equity earnings)		\$ 214
Special items:		
Pretax gain on transfer of 19.7 percent interest in DEFS to ConocoPhillips	576	
Reversal of pretax loss on de-designation of Field Services' hedges, net of settlements	73	649
Reported segment EBIT (equity earnings)		\$ 863
Total reported segment EBIT for 2005		\$1,946

2005 Adjusted Segment EBIT for Cinergy Corp.

Duke Energy's 2005 Summary Annual Report includes a discussion of Cinergy's adjusted segment EBIT results for 2004 and 2005 for certain segments. Adjusted segment EBIT for Cinergy represents a non-GAAP financial measure, as it reflects reported segment profit adjusted for interest, taxes and items not related to Cinergy's ongoing, underlying business or which distort comparability of results. A reconciliation of adjusted segment EBIT to reported segment profit is provided below:

(In millions)	2005		2004	
	Regulated Business Unit	Commercial Business Unit	Regulated Business Unit	Commercial Business Unit
Adjusted segment EBIT	\$ 645	\$ 443	\$ 586	\$ 345
Reconciling items:				
Mark-to-market effect on asset hedges	-	(62)	-	6
Merger costs	(16)	(9)	-	-
Severance costs	(10)	(10)	-	-
EBIT from synthetic fuel production	-	(96)	-	(70)
Write-down and/or disposal of certain investments and other charges	-	-	(7)	(29)
Preferred dividends	(2)	(1)	(3)	-
Interest	(154)	(127)	(145)	(125)
Income Taxes	(174)	72	(173)	57
Discontinued operations, net of tax	-	3	-	(10)
Cumulative effect of change in accounting principle, net of tax	-	(3)	-	-
Reported segment profit	\$ 289	\$ 210	\$ 258	\$ 174

2006 Earnings-per-share Incentive Target Measure

Duke Energy's 2005 Summary Annual Report includes a discussion of the company's 2006 EPS incentive target of \$1.90. This EPS measure is used for employee incentive bonuses and should track ongoing diluted EPS, which is a non-GAAP financial measure as it represents diluted EPS from continuing operations plus the per-share effect of any discontinued operations from the company's Crescent Resources real estate unit, adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as the company is unable to project any special items for 2006.

2006 and Beyond Ongoing Segment EBIT and Related Growth Percentages

Duke Energy's 2005 Summary Annual Report includes discussion of forecasted ongoing EBIT for 2006 for certain segments, including a discussion of ongoing equity earnings for Duke Energy Field Services and, for Duke Energy Gas Transmission, a discussion of forecasted ongoing segment EBIT growth rates, which are based on historical and forecasted ongoing segment EBIT.

Ongoing segment EBIT and related growth rates are non-GAAP financial measures, as they represent reported segment EBIT adjusted for special items, which represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing segment EBIT is reported segment EBIT, which represents EBIT from continuing operations, including any special items. Due to the forward-looking nature of forecasted ongoing segment EBIT and related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to project special items for any future periods.

2006 Ongoing Segment EBIT for Crescent Resources

Duke Energy's 2005 Summary Annual Report includes a discussion of Crescent Resources' forecasted ongoing segment EBIT from continuing and discontinued operations for 2006. As the company's segment GAAP measure is EBIT from continuing operations, the combination of segment EBIT from continuing and discontinued operations represents a non-GAAP financial measure. The most directly comparable GAAP measure for Crescent's segment EBIT from continuing and discontinued operations is reported segment EBIT from continuing operations. Information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as the company is unable to forecast which Crescent operations, if any, will be discontinued operations during 2006.

2007 Ongoing Diluted EPS and Related Future Growth Percentages

Duke Energy's 2005 Summary Annual Report includes a discussion of forecasted 2007 ongoing diluted EPS and related forecasted growth percentages thereafter. Ongoing diluted EPS and related growth rates are non-GAAP financial measures, as they represent diluted EPS from continuing operations plus the per-share effects of any discontinued operations from the company's Crescent Resources real estate unit, adjusted for the impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of ongoing diluted EPS for future periods, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as the company is unable to forecast any special items for 2007 or for any future periods.