



2003 Earnings Outlook

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Chairman and CEO

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President and COO

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EVP and Chief Financial Officer

2002 Earnings

- Previous 2002 EPS guidance was at the low end of the range of \$1.95 to \$2.05 per share
- 2002 ongoing EPS is likely to be around 10¢ below \$1.95 per share
- Fourth quarter charges are expected to be approximately 40¢ per share, including:
 - Duke Power storm costs
 - Severance costs
 - Asset and goodwill impairments

2003 Earnings Guidance

- 2003 ongoing earnings of \$1.35 to \$1.60 per share
 - Ongoing EPS excludes any after-tax charges related to implementation of EITF 02-03 and FAS 143
- Lower earnings related to:
 - Impact of slow economic recovery on all businesses
 - Continuing decline in commodity pricing and volatility in the merchant energy sector
 - Higher amortization expense at Franchised Electric
- Partially offset by higher earnings in natural gas businesses
 - Improving NGL pricing
 - Full year of earnings from Westcoast businesses

Challenges for 2003

- Pace of economic recovery
- Demand/supply imbalance
- Regulatory uncertainty and litigation

Plans for 2003 and Beyond

Duke Energy is focused on reducing risks and restructuring for future success:

- Focus on positive net cash generation
- Invest in our strongest business sectors
- Right-size businesses to market realities
- Address merchant energy issues
- Strengthen relationships with customers
- Reduce regulatory and legal risk and uncertainty

2003 Guidance

■ Franchised Electric

- Approximate EBIT of \$1.6 billion
- Assumes normalized weather
- Anticipates sales growth of 1.8%
- Higher amortization expense due to Clean Air legislation
- Five-year rate freeze begins in 2003

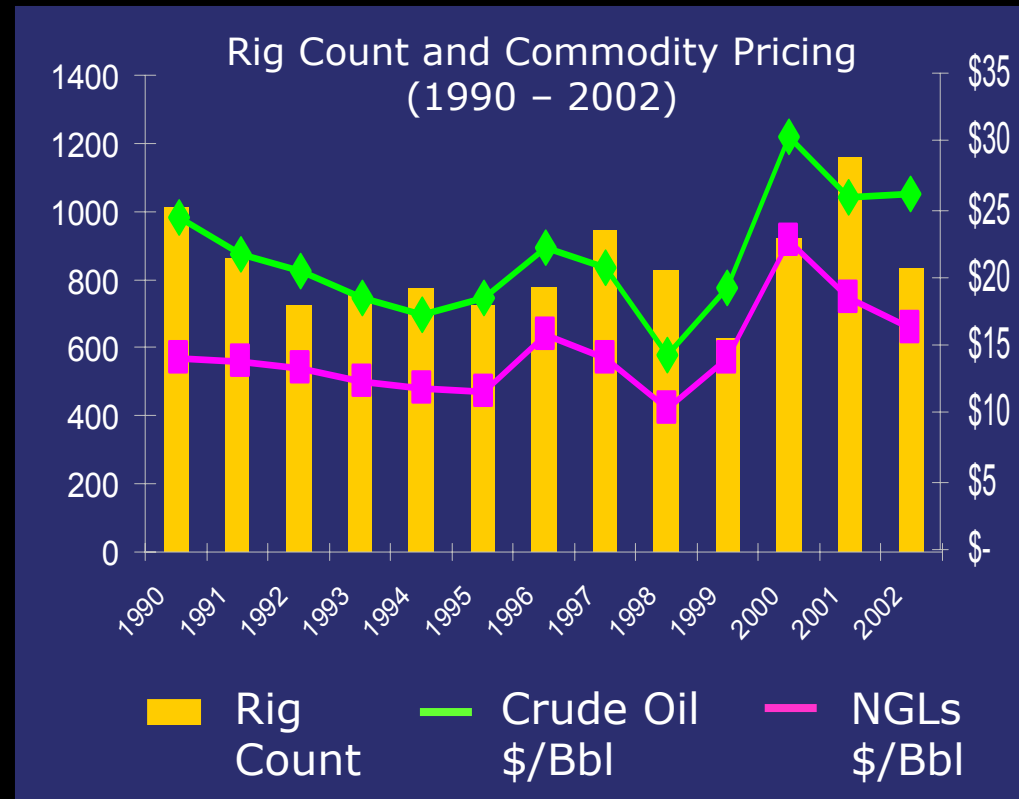
■ Natural Gas Transmission

- Approximate EBIT of \$1.2 billion
- Full year of earnings from Westcoast operations
- Fully subscribed capacity
- Average contract life is 9 years

2003 Guidance

Field Services

- NGL pricing expected to improve in 2003, following higher crude prices
- NGL production hedged at about 60% for 2003
- EBIT sensitivities, net of hedging at DEC
 - » NGL: + - 1¢/gal change = + - \$9 million EBIT
 - » Natural gas: + - 10¢/MMBtu change = - + \$5 million EBIT



2003 Guidance

- **Duke Energy North America**
 - Expected EBIT of \$200 million excluding any divestitures
 - Eliminates expectations of market improvement in 2003

2003 Cash Flow Expectations

(\$ Millions)

Primary Sources:

Income	\$ 1,400
Depreciation & Amortization	1,900
NBV of Crescent sales	500
NBV of other sales	600
	<hr/>
	4,400
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Equity (DRIP, etc)	250
	<hr/>
	\$ 4,650
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Primary Uses:

Capital Expenditures	\$ (3,200)
Dividends	(1,000)
	<hr/>
	\$ (4,200)
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2003 Capital Expenditures

	<u>Maintenance</u>	<u>Expansion</u>
Regulated	\$1,500 million	\$500 million
Unregulated	\$300 million	\$900 million
Subtotal	\$1,800 million	\$1,400 million
TOTAL ESTIMATED CAPEX	\$3,200 million	



Liquidity Position

December 31, 2002	Duke Energy	Duke Capital	Other *
Credit Facilities	\$950 million	\$1.9 billion	\$1.7 billion
LOC Facility	n/a	\$1.0 billion	n/a
TOTAL CAPACITY		\$5.6 billion	
CP Outstanding	\$900 million	\$600 million	\$600 million
LOC Facility	n/a	\$500 million	n/a
Other Borrowings	n/a	n/a	\$100 million
TOTAL OUTSTANDING		\$2.7 billion	
TOTAL UNUSED CAPACITY		\$2.9 billion	
Cash		\$800 million	

* Includes Westcoast, Union Gas and Field Services

Duke Energy... Still a Good Investment



- Business strategy:
 - Portfolio strength
 - Financial strength
 - Management depth
- Attractive dividend yield of 5%
- Well positioned for market recovery



Q&A
