



Duke Energy Corporation

Earnings Review

Annual
2001

Sue Becht
Senior Vice President
Investor Relations

A blue-tinted world map showing the continents, positioned in the top-left corner of the slide.

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Rick Priory
Chairman, President and CEO

A small, stylized world map in shades of blue and black, located in the top-left corner of the slide.

Challenging Year, Great Results

- ✍ Industry faced exceptional challenges in 2001
- ✍ Duke Energy's diversified portfolio and strong balance sheet provided a stable platform for earnings growth in 2001
- ✍ Duke Energy is well-positioned to take advantage of market-driven opportunities
- ✍ Earnings targets remain on track for 2002 and beyond
 - ✍ 10-15% CAGR from a base of \$2.10 in 2000
 - ✍ Expect results for 2002 to be on the high end of the target range



Duke Energy Corporation

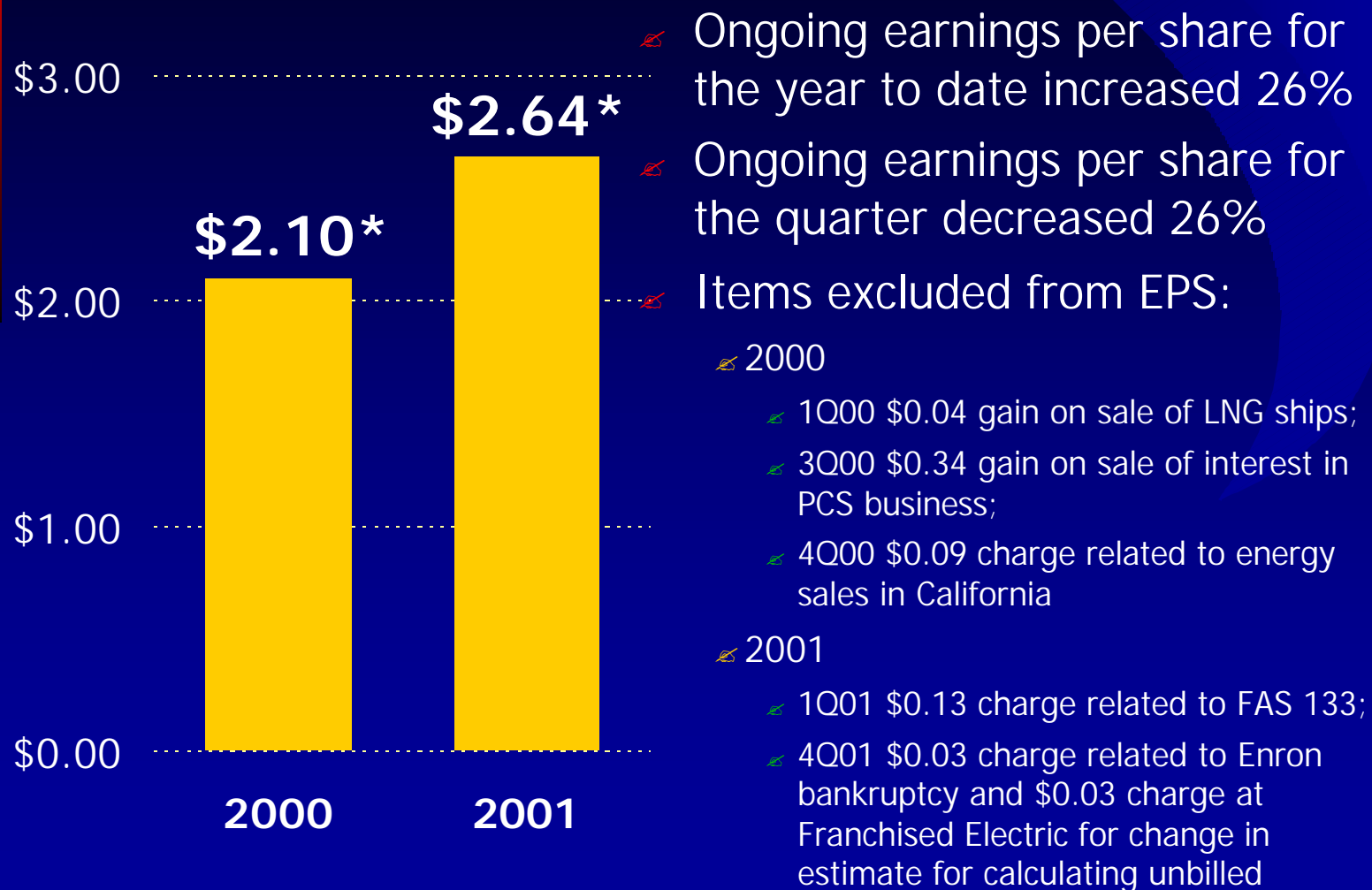
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Robert Brace
Executive Vice President
and Chief Financial Officer



Ongoing Earnings per Share



Ongoing earnings per share for the year to date increased 26%

Ongoing earnings per share for the quarter decreased 26%

Items excluded from EPS:

2000

- 1Q00 \$0.04 gain on sale of LNG ships;
- 3Q00 \$0.34 gain on sale of interest in PCS business;
- 4Q00 \$0.09 charge related to energy sales in California

2001

- 1Q01 \$0.13 charge related to FAS 133;
- 4Q01 \$0.03 charge related to Enron bankruptcy and \$0.03 charge at Franchised Electric for change in estimate for calculating unbilled revenue

* as adjusted for one-time items

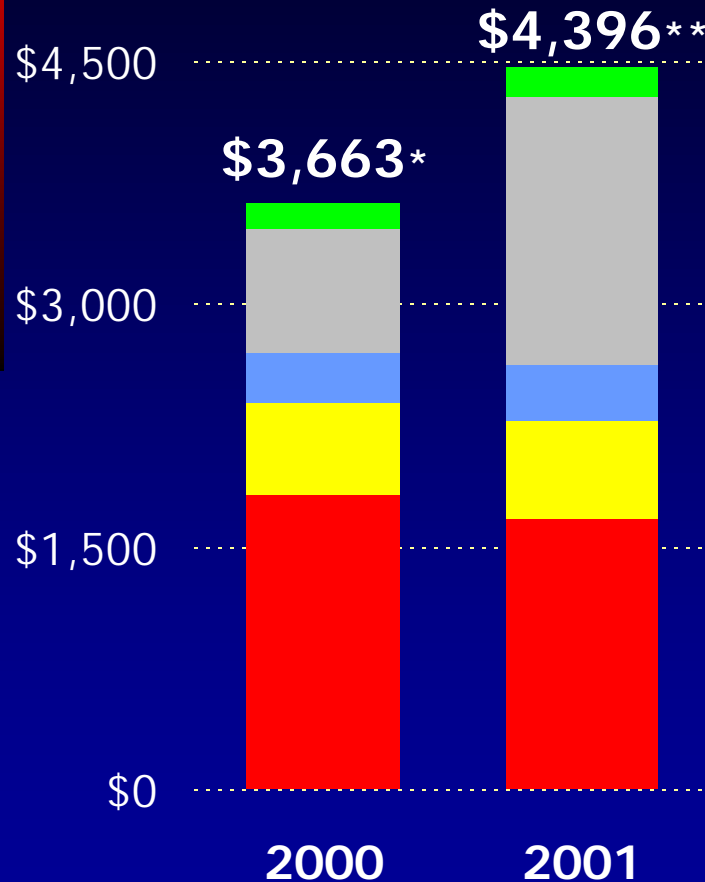


Ongoing Earnings Before Interest and Taxes



EBIT
(\$ millions)

- Duke Ventures
- Energy Services
- Field Services
- Gas Transmission
- Franchised Electric



- Ongoing segment EBIT increased 21% in 2001
- Competitive businesses contributed 67% of total ongoing segment EBIT
- Energy Services alone contributed 40% of total ongoing segment EBIT

* 2000 excludes 1Q00 \$54 million gain on sale of LNG ships and 3Q00 \$407 million gain on sale of interest in BellSouth PCS business and 4Q00 reserve of \$110 million related to energy sales in California

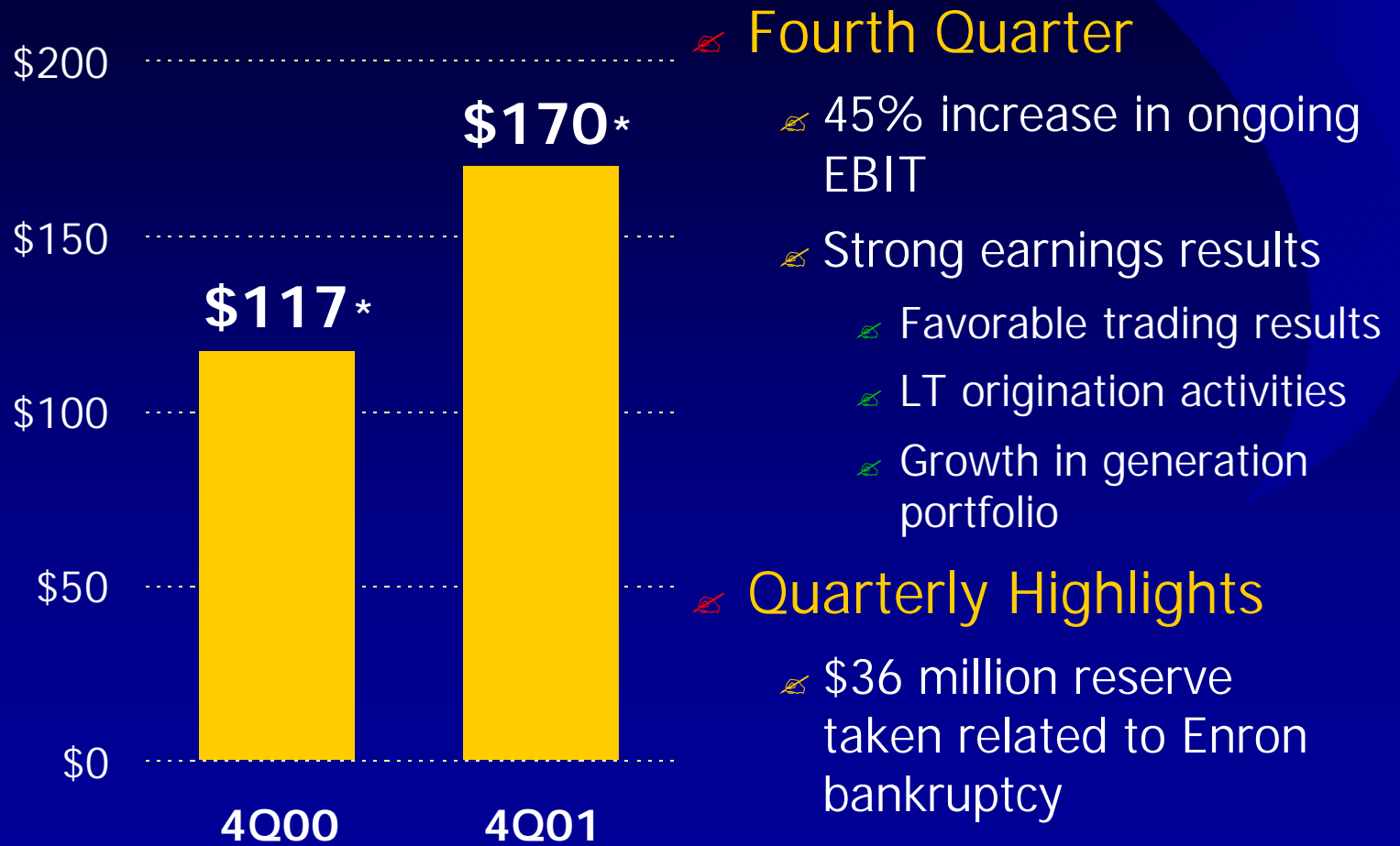
** 2001 excludes 4Q01 \$43 million reserve related to the Enron bankruptcy and 4Q01 \$36 million charge at Franchised Electric for a change in estimate related to unbilled revenues



North American Wholesale Energy



EBIT
(\$ millions)



* 2000 excludes 4Q00 reserve of \$110 million related to energy sales in California
2001 excludes 4Q01 \$36 million reserve related to the Enron bankruptcy



Corporate-wide Daily Earnings at Risk (DER)

- ✦ Historical simulation utilizing price movements over a specified period of time to generate forward price curves to estimate, at a 95% confidence level, the favorable or unfavorable impact of one day's price movement on the existing portfolio
 - ✦ 2001 Average DER: \$16 million
 - ✦ 2000 Average DER: \$18 million
- ✦ Independent oversight by Management Risk Committee, chaired by Chief Risk Officer
 - ✦ Establishes acceptable corporate-wide limits
 - ✦ Approves exceptions based on market outlook

Valuation Measures

- Portfolio Valuation

- Mark-to-market: \$1.5 billion

- Accrual: \$6.6 billion

- Realization Period (cumulative %)

	Mark-to-market	Accrual
2002	38%	14%
2003	53%	27%
2004	64%	40%
2005	70%	52%

- Unrealized Mark-to-Market Margin (net of MI)

- 2001: \$700 million 2000: \$140 million

- Capacity Hedged of Merchant Generation

- 2002: 87% 2003: 64% 2004: 53%

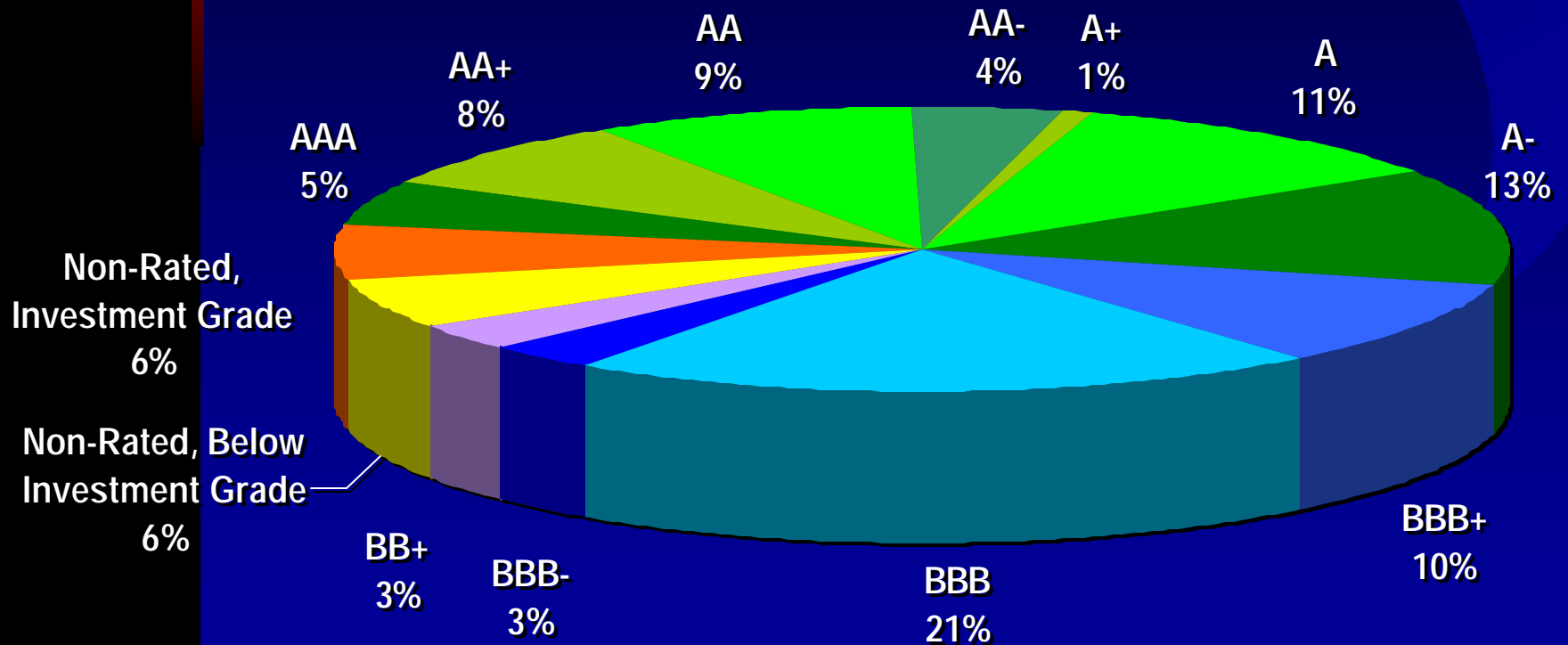
Earnings Stability

EBIT guidance for NAWE falls within a range of \$75 to \$120 per kilowatt of operating merchant generation fleet



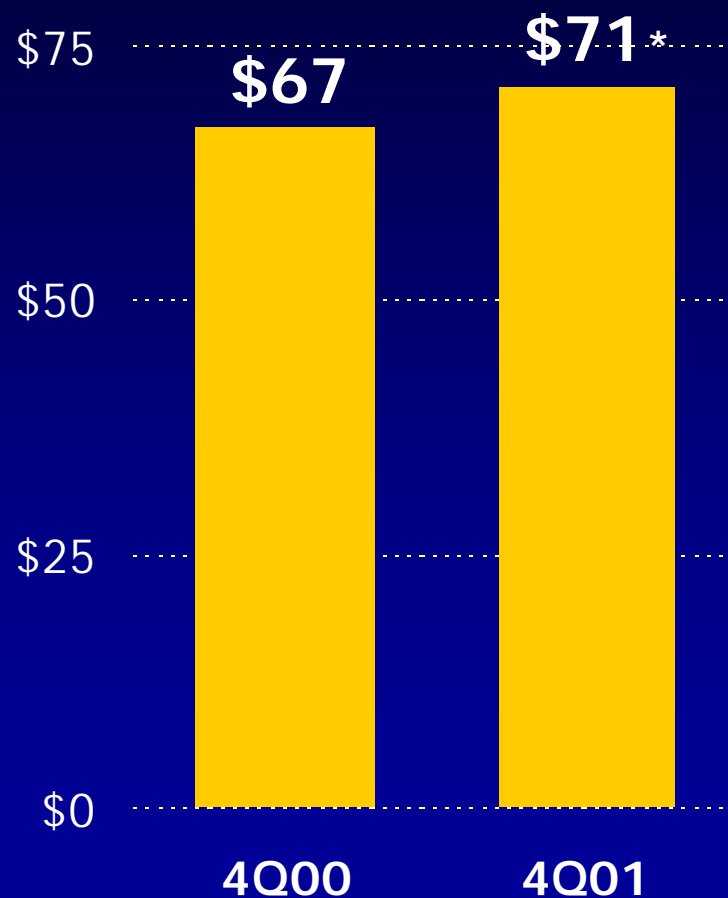
Credit Quality

Top 30 Trading Exposures December 31, 2001



International Energy

EBIT
(\$ millions)



Fourth Quarter

- ✍ 6% increase in ongoing EBIT
- ✍ Solid earnings from regional businesses, especially Latin America

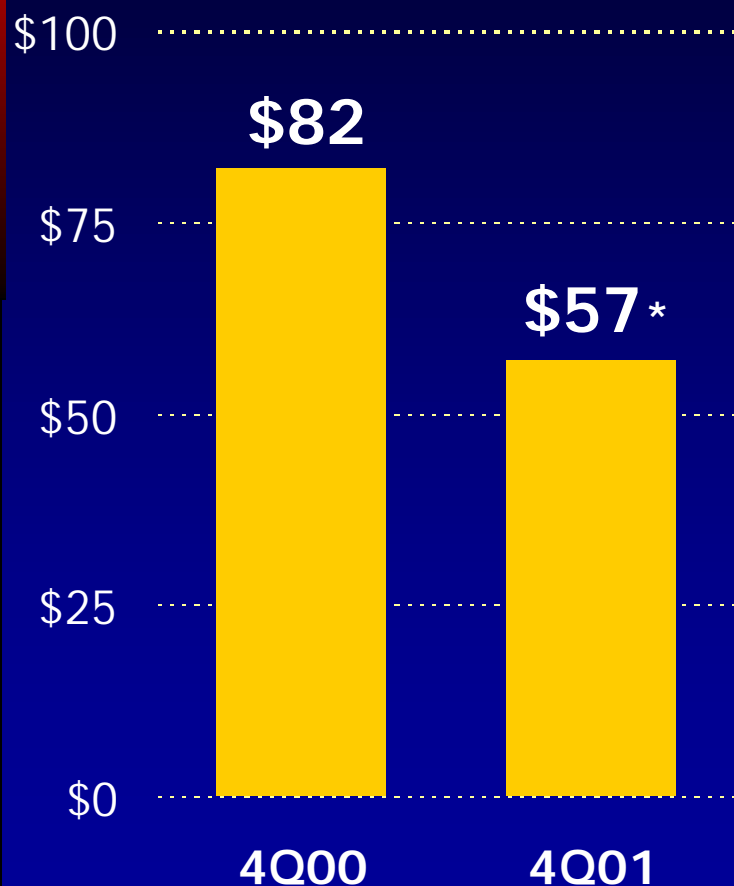
Quarterly Highlights

- ✍ Brazilian government eased rationing, reduced from 20% to 5%

* 2001 excludes 4Q01 \$3 million reserve related to the Enron bankruptcy

Field Services

EBIT
(\$ millions)



Fourth Quarter

- ✍ 30% decrease in ongoing EBIT
- ✍ Unfavorable impact from lower NGL prices
- ✍ Avg NGL price: 31¢/gal
- ✍ Gathering volumes up 7%, NGL production up 5%

Pricing Sensitivities (DEFS 100%)

- ✍ NGLs: 1¢/gal change = \$26 mm
- ✍ Natural Gas: 10¢/MMcf change = \$(3) mm

* 2001 excludes 4Q01 \$3 million reserve related to the Enron bankruptcy

Natural Gas Transmission

EBIT
(\$ millions)



Fourth Quarter

- ✍ Increased ongoing EBIT by 4%
- ✍ Throughput: 416 TBtu

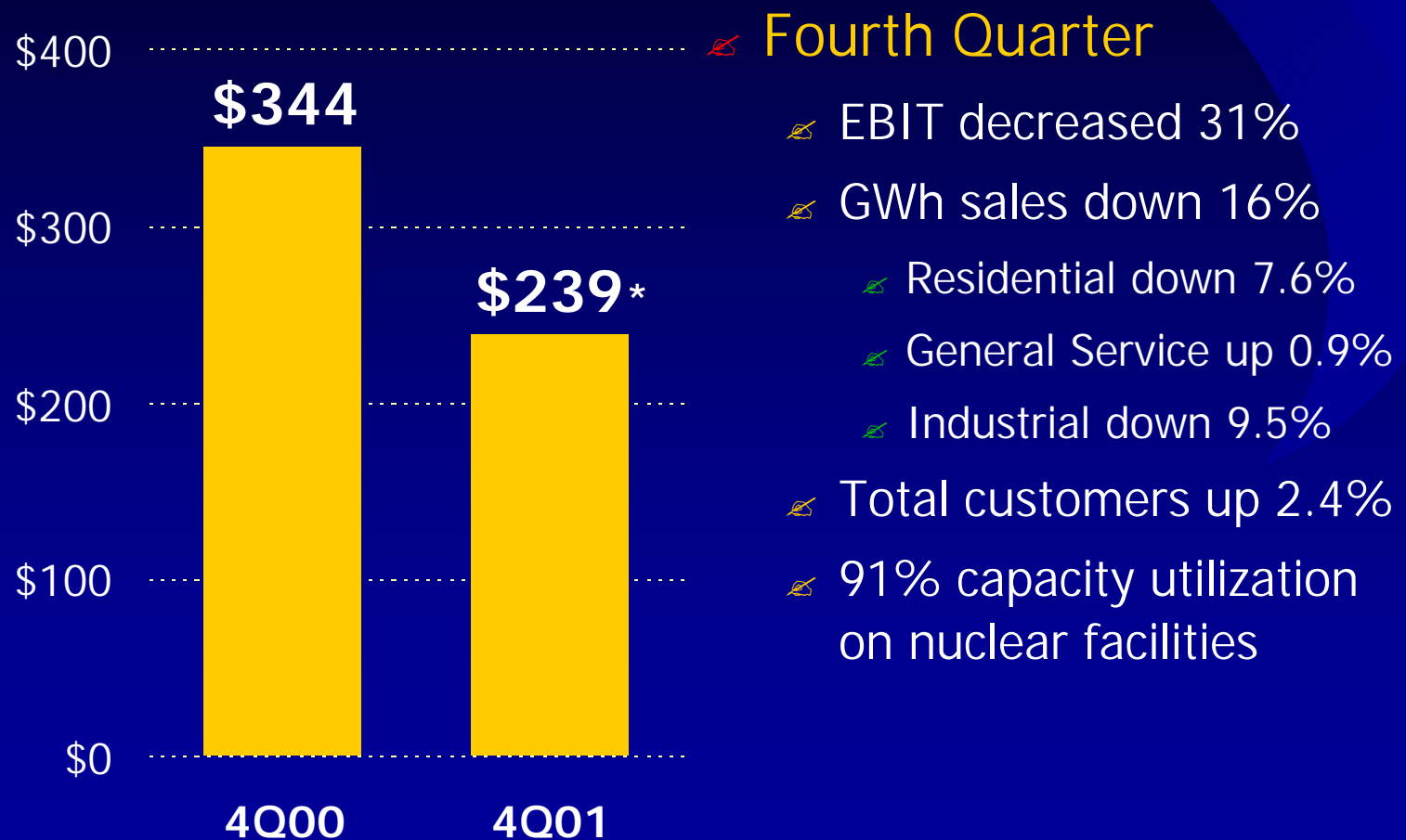
Quarterly Highlights

- ✍ Construction on Gulfstream remains on schedule for June 2002 in-service date
- ✍ Westcoast acquisition remains on track for first quarter 2002 close

* 2001 excludes 4Q01 \$1 million reserve related to the Enron bankruptcy

Franchised Electric

EBIT
(\$ millions)



* 2001 excludes 4Q01 \$36 million charge related to a change in estimate for calculating unbilled revenues

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Earnings Outlook

Corporate EPS 10-15% Average Annual Growth
from base of \$2.10 in 2000

	Projected Average Annual EBIT Growth
<u>Energy Services</u>	30 - 40%
<u>Duke Ventures</u>	20 - 30%
<u>Field Services</u>	5 - 15%
<u>Gas Transmission</u>	7 - 9%*
<u>Franchised Electric</u>	3 - 4%

* Gas Transmission's EBIT target will increase from 5 – 7% to 7 – 9% upon closing of the Westcoast acquisition expected in the first quarter of 2002.



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Question & Answer Session

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