



Morgan Stanley 2004 Global Electricity and Energy Conference

Paul Anderson
Chairman and CEO

March 24, 2004

Safe Harbor Statement

Under the Private Securities Litigation Act of 1995

This document contains forward looking information which is subject to risks and uncertainties, including, but not limited to, changes in the utility regulatory environment, the impact of competition from other energy suppliers, industrial, commercial and residential growth in the Company's service territory, the results of financing efforts, the effect of accounting pronouncements, growth in opportunities for the Company's subsidiaries and diversified operations, and other risks described in the Company's Securities and Exchange Commission filings.

Regulation G

This document 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 is included in the printed version of these slides which can be downloaded from our investor relations website at:

www.duke-energy.com/investors/financial/gaap/

2003 Key Events

- Empire State Pipeline
- Northern Border units
- Duke Capital Partners loan monetization
- Duke announces the exit from proprietary trading
- Duke announces the exit from merchant finance business
- Interest in Alliance pipeline and Aux Sable processing plant
- Gathering and processing assets to Crosstex and Scissortail
- TEPPCO class B units
- Interest in American Ref-Fuel
- DEGT announces significant, long-term expansion of Gulfstream
- DENA adds 2,500 MW of new generation capacity
- Interest in Foothills Pipeline
- Vector Pipeline
- Interest in PJP
- Duke announces dissolution of Duke/Fluor Daniel partnership
- Duke accelerates cost reduction plan to reduce expenses by \$200 million in 2004
- Duke lowers 2003 ongoing earnings target range to \$1.20 to \$1.25 per share
- Interest in PNG (Canada)
- Energy Delivery Services
- CTR (France)
- Duke names Anderson as Chairman and CEO effective Nov 1
- Duke announces reorganization and management changes
- DEGT expansion projects in service
- NRC approves license renewals for Catawba and McGuire nuclear stations
- Duke exceeds its targets for asset sales, reducing debt and capital expenditures
- Duke reports ongoing earnings of \$1.28 per share

1QTR

2QTR

3QTR

4QTR

■ Asset Sales

■ Major Announcements

■ Financial

■ Operations

First Quarter 2004 Key Events

- Duke Energy International announced sale of Australian assets for approximately US\$1.24 billion; closing expected in second quarter
- Duke Energy sold surplus turbines and other assets for approximately \$265 million
- Announced the combination of DENA and DEI under one leader, Bobby Evans
- Announced charter for the company – spelling out who we are, what we do, how we do it and how we measure success
- Announced Hauser elected as CFO of Duke Energy
- Duke Power announced the conclusion of the grand jury investigation with no action
- Duke Energy maintained dividend at current level of \$1.10 per share
- Duke Capital successfully remarketed \$875 million of senior notes (first tranche of mandatory convertibles); approximately 22.5 million Duke Energy shares will be issued in May 2004
- Duke Capital called \$350 million in trust preferred securities

1QTR

■ Asset Sales

■ Major Announcements

■ Financial

2004 Financial Overview

- Sources of cash forecasted to exceed uses by approximately \$4 billion
- Debt pay down and maturities, less issuances, expected to be in the range of \$3.5 to \$4 billion
- Strong liquidity position with \$1 billion cash on hand
- Asset sales expected to be approximately \$1.5 billion
- Capital expenditures of approximately \$2.2 billion
- Annual cost savings of more than \$200 million
- Annual dividend of \$1.10 per share
- Target level for EPS incentive set at \$1.20 per share

2004 Cash Flow

(\$ in millions)

	Duke Energy	Duke Capital
Primary Sources:		
Net income	\$ 1,100	\$ 450
Depreciation & amortization	2,075	1,050
NBV of ongoing Crescent inventory sales	550	550
NBV of energy asset sales	1,500	1,500
Deferred income taxes	450	475
Other sources/(uses), net	(225)	25
Subtotal	<u>\$ 5,450</u>	<u>\$ 4,050</u>
Equity (DRIP, mandatory converts)	1,875	--
Total Sources	<u>\$ 7,325</u>	<u>\$ 4,050</u>
Primary Uses:		
Capital expenditures	\$ (2,225)	\$ (1,300)
Dividends	(1,050)	--
Total Uses	<u>\$ (3,275)</u>	<u>\$ (1,300)</u>
Positive Net Cash	<u><u>\$ 4,050</u></u>	<u><u>\$ 2,750</u></u>

Medium-Term Expectations

- Over the medium-term – we expect modest EBIT growth at most of our businesses

Projected CAGR

Franchised Electric	Flat – 2%
Gas Transmission	3 – 5%
Field Services	8 – 10%
International	2 – 3%
Crescent	Flat – 2%

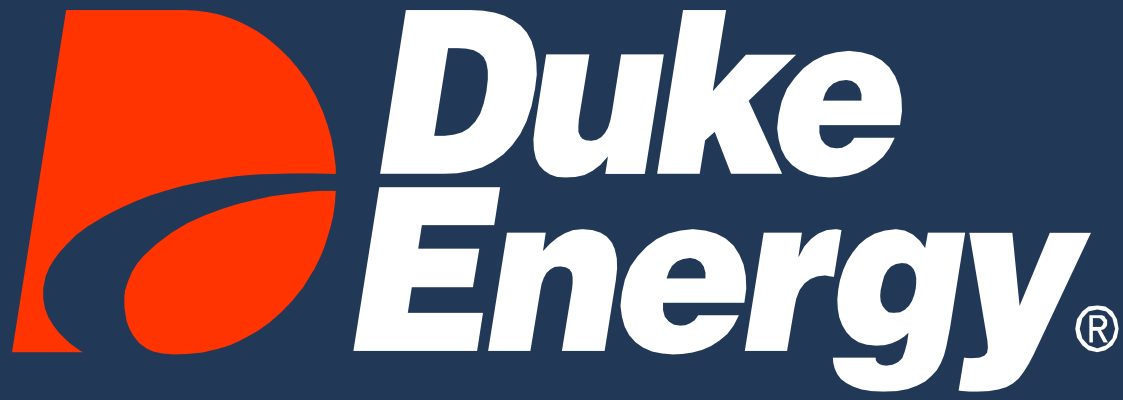
- Interest expense will decline to \$1.3 billion in 2004 and \$1.1 billion in 2005
- DENA is expected to have an EBIT loss of \$300 million in 2004

Management Priorities

- Deliver on financial plan, preserving the dividend of \$1.10 per share
 - Debt to cap ratio reduced from 58% in 2003 to 52% in 2004
 - Investor proposition of modest growth and income
- Resize and realign our asset portfolio to reflect current and future market realities and to improve return on capital
 - Smaller and more focused DENA and DEI businesses
- Establish clear accountabilities across the organization where individuals accept responsibility and are rewarded for results
 - Management's EPS incentive directly linked to earnings per share of at least \$1.10 with a target of \$1.20
- Restore credibility and earn the trust of customers, investors and other stakeholders

Positives for the First Quarter

- Essentially hit our \$1.5 billion asset sales goal
- Accelerating debt reductions
 - Completed remarketing of first tranche of mandatory convertibles
 - Assets sales – earlier than expected
- Weather has been favorable for operations
- New organization is humming



Appendix



We are Duke Energy, a leading energy company located in the Americas with an affiliated real estate operation.

Our purpose is to create superior value for our customers, employees, communities and investors through the production, conversion, delivery and sale of energy and energy services.

To provide a stable platform for future growth, we must:

- Deliver on our financial plan and preserve the dividend of \$1.10/share.
- Resize and realign our asset portfolio to reflect current and future market realities and to improve return on capital.
- Significantly improve execution of essential management and operating systems, reducing bureaucracy and overhead.
- Build a high performance organization with clear accountabilities in which every individual accepts responsibility and is rewarded for results.
- Restore credibility and earn the trust of employees, customers, suppliers, regulators, legislators, communities and investors.

In conducting our business, we value:

- **Stewardship** – A commitment to health, safety, environmental responsibility and our communities.
- **Integrity** – Ethically and honestly doing what we say we will do.
- **Respect for the Individual** – Embracing diversity and inclusion, enhanced by openness, sharing, trust, teamwork and involvement.
- **High Performance** – The excitement and fulfillment of achieving superior business results and stretching our capabilities.
- **Win-Win Relationships** – Having relationships which focus on the creation of value for all parties.
- **Initiative** – Having the courage, creativity and discipline to lead change and shape the future.

We will be successful when:

- Our investors realize a superior return on their investment.
- Our customers and suppliers benefit from our business relationships.
- The communities in which we operate value our citizenship.
- Every employee starts each day with a sense of purpose and ends each day with a sense of accomplishment.



2003 Base EBIT

(\$ in millions)

	Franchised Electric	Natural Gas Transmission*	Field Services (Cont Ops)	International (Cont Ops)	Crescent
2003 Base EBIT	\$ 1,403	\$ 1,226	\$ 192	\$ 210	\$ 150

Natural Gas Transmission

Reported EBIT *

\$1,317

Gains/(losses) on asset sales

96

Severance and related costs

(29)

Total Special Items

\$ 67

Ongoing Segment EBIT

\$ 1,250

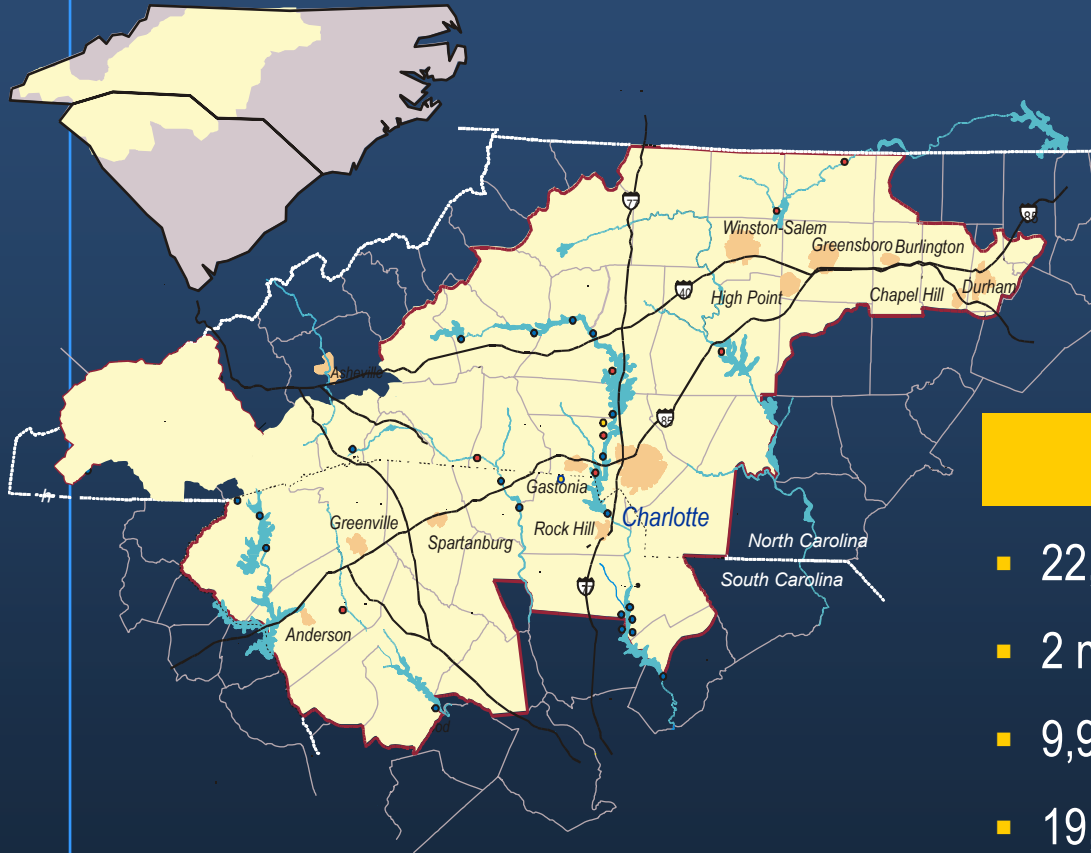
EBIT generated in 2003 from
assets sold in 2003

24

2003 Base EBIT

\$ 1,226

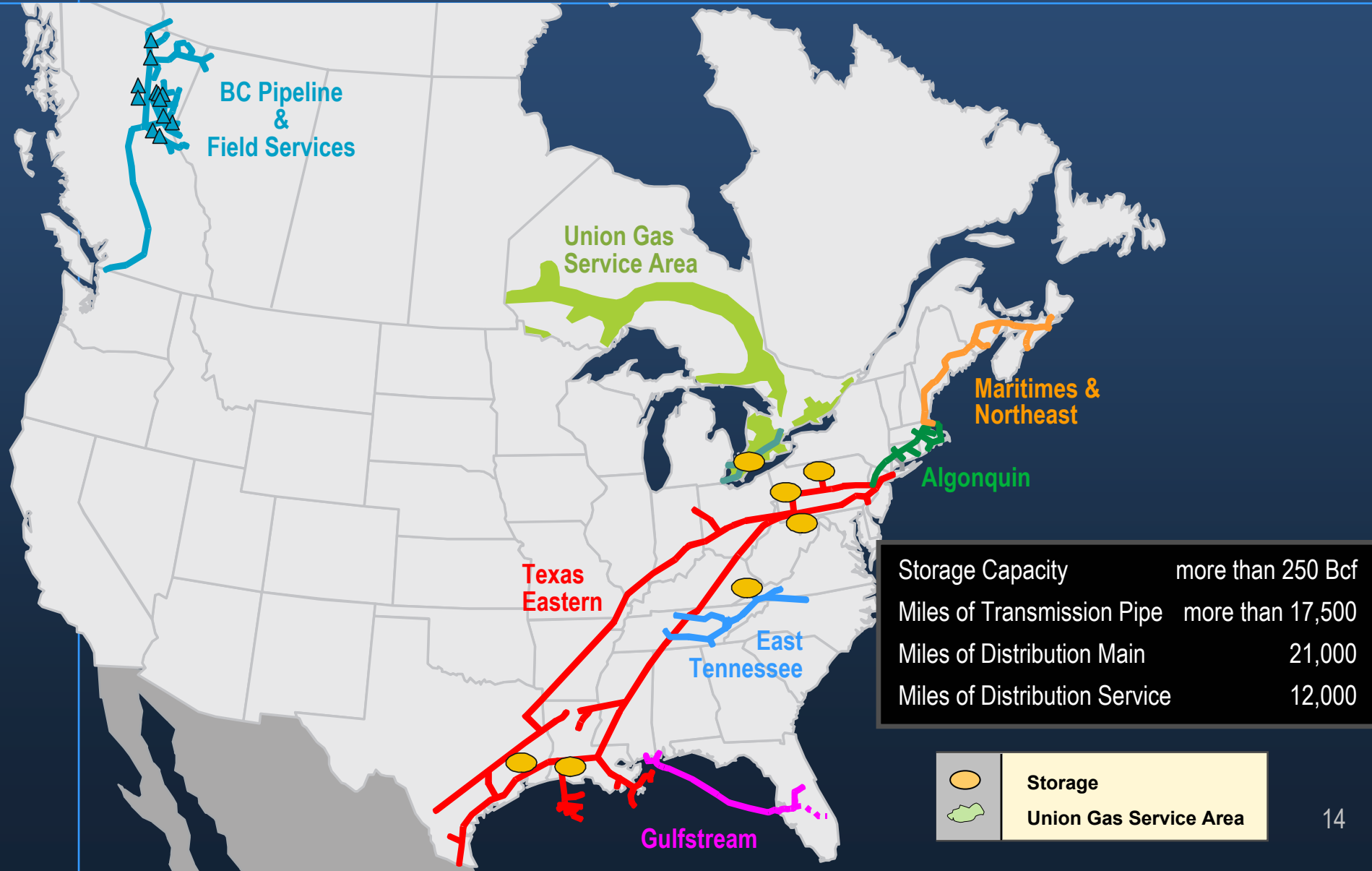
Franchised Electric Service Territory



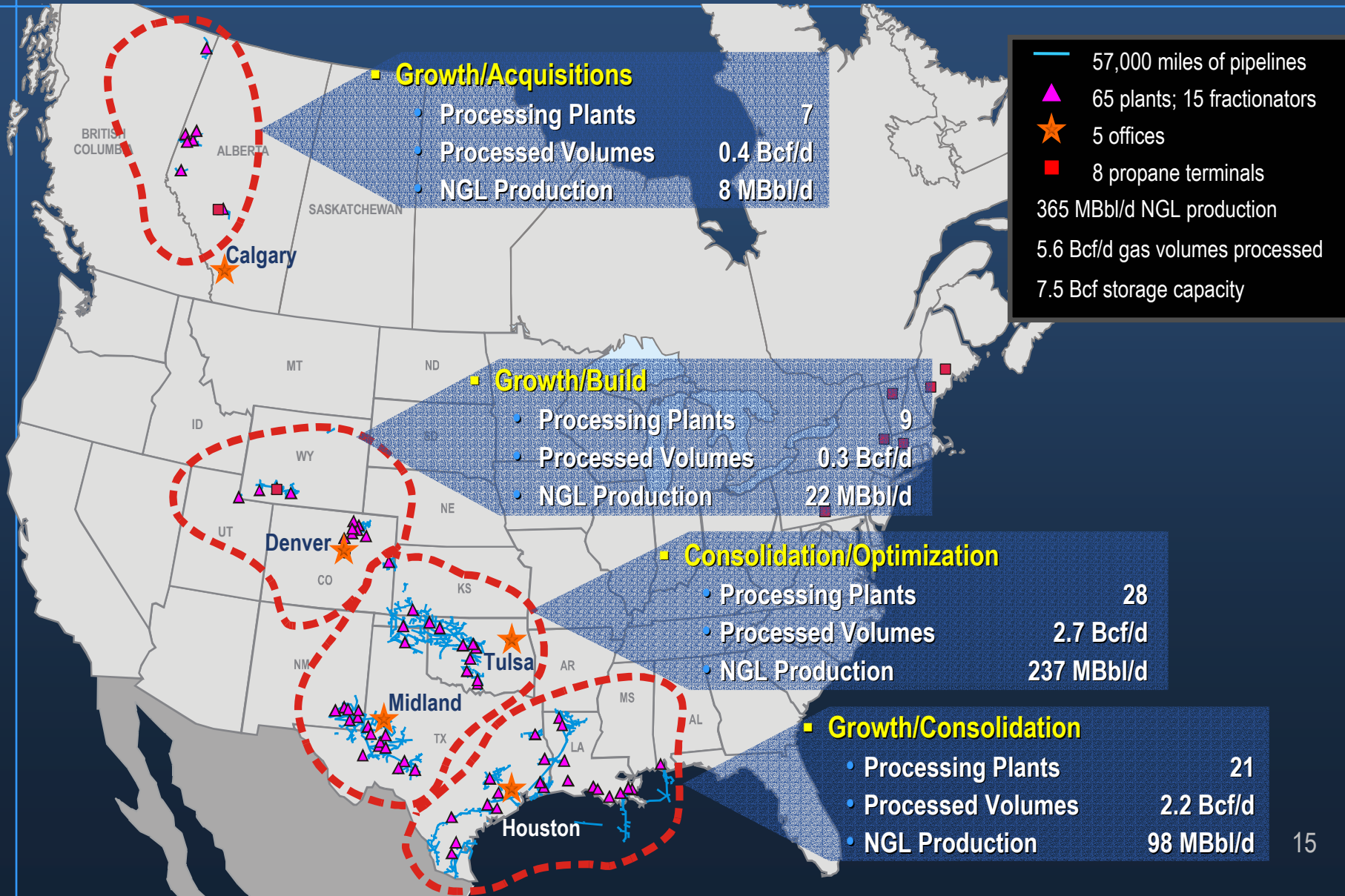
100 years of service...

- 22,000 square miles of service territory
- 2 million customers
- 9,900 employees
- 19,900 MW total generation capability
- 13,000 miles of transmission lines
- 89,000 miles of distribution lines

Natural Gas Transmission System Map



Strategically Located in Major Supply Regions



Southeast Asset Position



DENA PLANTS

- Combined Cycle (CC)
- Peaker (SC)

Net MW*	Combined Cycle	Simple Cycle
Hot Spring	620	-
Marshall	-	640
Southaven	-	640
New Albany	-	385
Enterprise	-	640
Hinds	520	-
Murray	1,240	-
Sandersville	-	640
TOTAL	2,380	2,945

* Excludes 247 net MW contracted from St. Francis facility (operating lease)

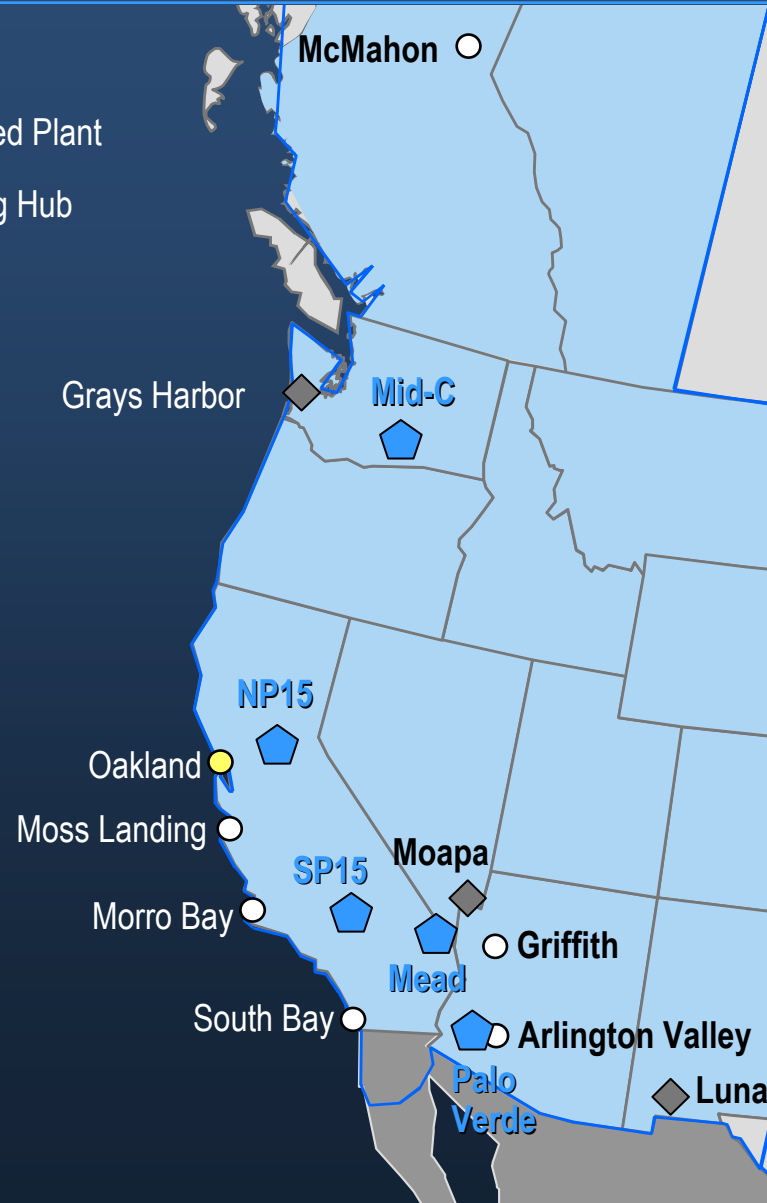
Western Generation Positions

DENA PLANTS

- Combined Cycle (CC)
- Peaker (SC)

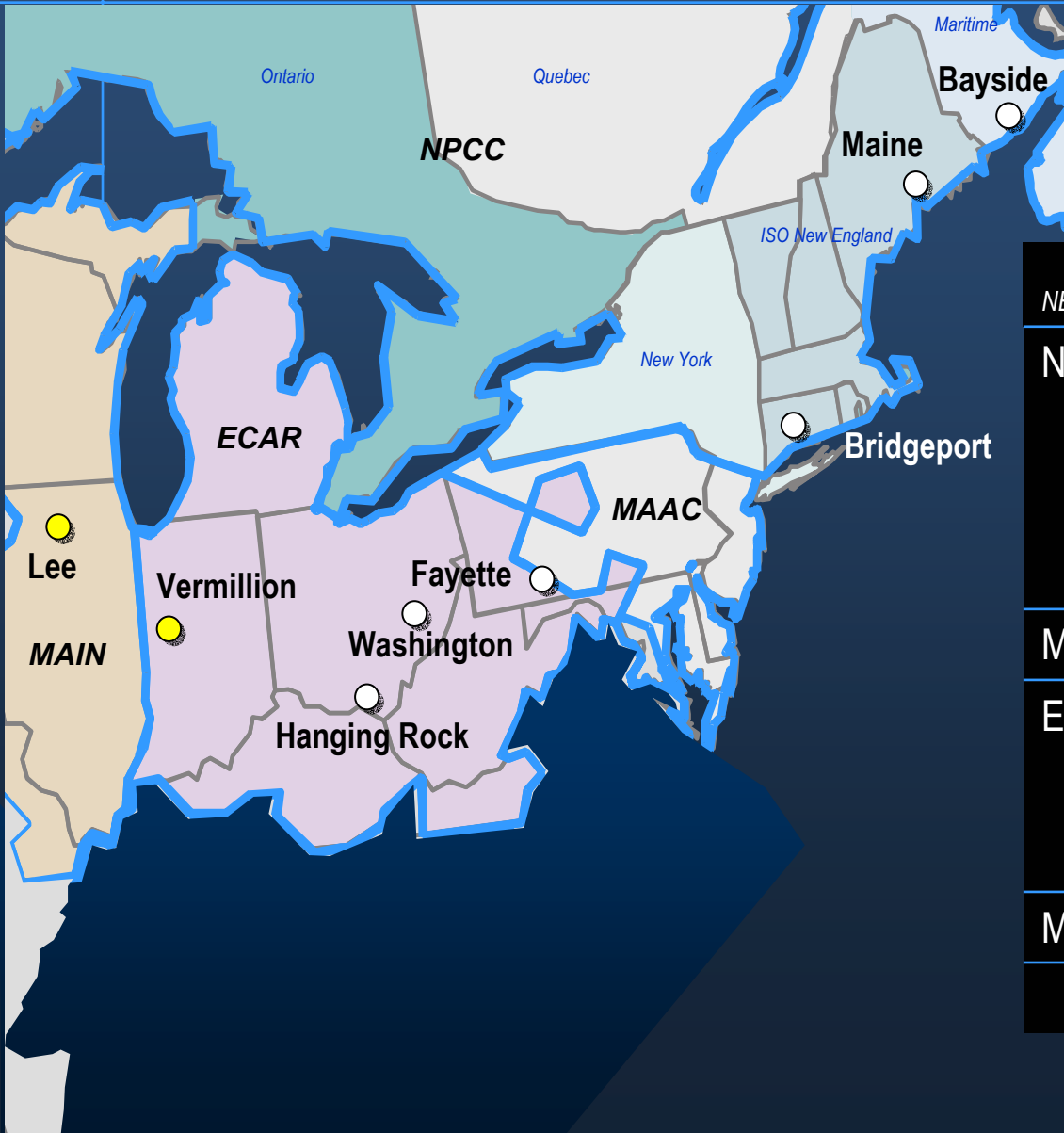
Net MW	Combined Cycle	Simple Cycle
McMahon	58	-
Oakland	-	165
Moss Landing	2,538	-
Morro Bay	1,002	-
South Bay	700	-
Griffith	300	-
Arlington Valley	570	-
TOTAL Operating	5,168	165
Grays Harbor	620	-
Moapa	1,220	-
Luna	562	-
TOTAL Deferred	2,402	-

- ◆ Deferred Plant
- ◆ Trading Hub



Duke Energy North America

North Asset Position



DENA PLANTS

- Combined Cycle (CC)
- Peaker (SC)

NERC Region	Plant	Combined Cycle	Simple Cycle
NPCC	Bayside	195	-
	Maine Ind.	520	-
	Bridgeport	327	-
	Ft. Frances	110	-
MAAC	Fayette	620	-
ECAR	Washington	620	-
	Hanging Rock	1,240	-
	Vermillion	-	640
MAIN	Lee	-	640
TOTAL		3,632	1,280

Latin America Portfolio Overview



Guatemala 333 MW
 – 168 MW: bunker & diesel
 – 165 MW: bunker & orimulsion
 DEC Ownership: 99%
 Supply Market Share: 16.3%
 Demand Growth: 6.3%

El Salvador 293 MW
 Fuel: bunker & diesel
 DEC Ownership: 90.34%
 Supply Market Share: 28.8%
 Demand Growth: 3.9%

Ecuador: Electroquil 180 MW
 Fuel: diesel
 DEC Ownership: 72.31%
 Supply Market Share: 4.9%
 Demand Growth: 5.4%

Peru:
 Egenor 529 MW
 342 MW: hydro
 187 MW: diesel
 DEC Ownership: 99.7%

Aguaytia 160 MW
 Fuel: natural gas
 DEC Ownership: 37.8%

Supply Market Share: 16.2%
 Demand Growth: 1.9%

Mexico: CNC & CSCC
 Processing Capacity: 1.45 Bcf/day
 Product: nitrogen
 DEC Ownership: 30% & 50%

Bolivia: Corani 126 MW
 Fuel: hydro
 DEC Ownership: 50% + mgmt.
 Supply Market Share: 13.6%
 Demand Growth: 2%

Brazil: Paranapanema
 Capacity: 2,307 MW
 Fuel: hydro
 DEC Ownership: 94.7%
 Supply Market Share: 2.9%
 Demand Growth: 5.3%

Argentina: HCC 576 MW
 478 MW: hydro
 98 MW: natural gas
 DEC Ownership: 99.9%
 Supply Market Share: 2.4%
 Demand Growth: 6.6%

* DEI also has a 25% holding in National Methanol Corporation in Saudi Arabia

Locations by Product Type

Residential:

- Charlotte; Hilton Head; Atlanta; Austin, Payson, AZ; Jacksonville, FL; Palm Coast, FL; St. Mary's, GA

Commercial - Retail:

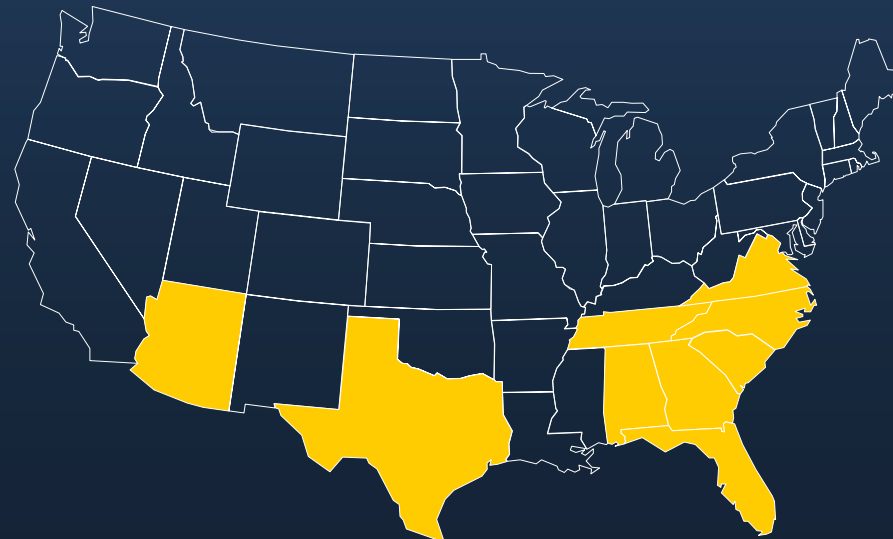
- Charlotte; Durham, NC; Anderson, SC; Hilton Head; Trussville, AL; Port St. Lucie, FL; Tampa; Jacksonville, FL; Orlando, FL

Commercial - Office and Industrial:

- Charlotte; Nashville; Atlanta; Orlando; Tampa; Washington DC

Multi-Family:

- Charlotte; Tampa; Jacksonville, FL



Duke Energy Corporation Consolidated and Duke Capital Corporation Consolidated
Cash Flow Reconciliation Required by SEC Regulation G

(\$ in Millions)

	2004	
	Duke Energy	Duke Capital
Excerpts from Duke Energy Corporation Analyst Call (January 7, 2004)		
Primary Sources of Cash per Presentation:		
Net income	(a) \$ 1,100	\$ 450
Depreciation and amortization	(a) 2,075	1,050
NBV of ongoing Crescent inventory sales	(a) 550	550
NBV of energy asset sales	(b) 1,500	1,500
Deferred income taxes	(a) 450	475
Other sources/(uses), net	(a) (225)	25
Subtotal	5,450	4,050
Equity (DRIP, mandatory converts, parent infusion)	(c) 1,875	-
Total Sources	<u>\$ 7,325</u>	<u>\$ 4,050</u>
Primary Uses of Cash per Presentation:		
Capital expenditures	(b) (2,225)	(1,300)
Dividends	(c) (1,050)	-
Total Uses	<u>(3,275)</u>	<u>(1,300)</u>
Positive Net Cash	<u>\$ 4,050</u>	<u>\$ 2,750</u>
Reconciliations to amounts per U.S. GAAP reporting:		
Operating cash flow components from above [summation of (a)]	\$ 3,950	\$ 2,550
Reconciling items to GAAP operating cash flow (1)	175	175
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 4,125</u>	<u>\$ 2,725</u>
Investing cash flow components from above [summation of (b)]	\$ (725)	\$ 200
Reconciling items to GAAP investing cash flow (2)	(925)	(925)
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (1,650)</u>	<u>\$ (725)</u>
Financing cash flow components from above [summation of (c)]	\$ 825	\$ -
Reconciling items to GAAP financing cash flow (3)	(3,475)	(2,200)
Net cash used by financing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (2,650)</u>	<u>\$ (2,200)</u>

Notes:

- (1) Amount primarily consists of non-operating cash flow items, such as net distributions to/contributions from minority interests.
- (2) Amount primarily consists of disposition of debt associated with energy asset sales.
- (3) Amount primarily consists of estimated net debt repayments and net distributions to/contributions from minority interests.

Duke Energy
Ongoing EPS reconciliations for Reg G
2003 and 2002

Special items for the quarters and for the years ending December 31, 2003 and 2002, respectively, include:

(\$ in Millions)	Pre-Tax Amount	Tax Effect	2003 EPS Impact	2002 EPS Impact
Fourth Quarter 2003				
• DENA plant impairments and DETM charges	(\$2,826)	\$1,046	(\$1.97)	--
• DENA redesignation of hedging contracts to mark-to-market	(262)	97	(0.18)	--
• Charges and impairments for Australia and Europe	(292)	69	(0.25)	--
• Severance and related charges	(48)	18	(0.03)	--
• Tax adjustments	--	23	0.03	--
• DEI reserve and charges for environmental settlements in Brazil	(26)	10	(0.02)	--
• Write-off of risk management system	(51)	19	(0.04)	--
• Net gain on asset sales	15	(6)	.01	--
Fourth Quarter 2002				
• Impairment of goodwill at DEI for European gas trading	(\$194)	--	--	(\$0.22)
• Expenses at Franchised Electric associated with December 2002 ice storm	(\$89)	35	--	(0.06)
• Severance charges, including corporate-level severance of \$18 million	(\$70)	30	--	(0.04)
• Asset impairments at Field Services	(\$28)	10	--	(0.02)
• Information technology system write-off at DENA	(\$24)	9	--	(0.02)
• Previously announced settlement with North Carolina Utility Commission and Public Service Commission of South Carolina	(\$19)	7	--	(0.01)
• Demobilization costs at DENA	(\$10)	4	--	(0.01)
TOTAL EPS IMPACT			(\$2.45)	(\$0.38)
EPS, as reported			(\$2.23)	(\$0.06)
EPS, ongoing			\$0.22	\$0.32

Special items for 2003:

(\$ in Millions)	Pre-Tax Amount	Tax Effect	2003 EPS Impact	2002 EPS Impact
Subtotal – 4th quarter (previously listed items)			(\$2.45)	(\$0.38)
Prior 2003 special items				
• Net gain on asset sales	170	(60)	0.12	
• Tax benefit on 2002 goodwill impairment of International Energy European gas trading	--	52	0.06	
• Cumulative effect of accounting changes	(256)	94	(0.18)	
• DENA goodwill write-off	(254)	90	(0.18)	
• Severance associated with work force reductions	(105)	37	(0.08)	
• Settlement with the South Carolina Public Service Commission	(46)	18	(0.03)	
• Settlement with the Commodities Futures Trading Commission	(17)	--	(0.02)	
Special items yearly total for 2003				
			(\$2.76)	
EPS, as reported			(\$1.48)	
EPS, ongoing			\$1.28	
Other 2002 special items				
Termination of certain turbines on order, plus write-down of other uninstalled turbines	(163)	59		(0.13)
Write-off of site development costs, primarily in California and Brazil	(80)	30		(0.06)
Demobilization costs related to deferral of three merchant power projects	(12)	4		(0.01)
Severance costs associated with reduction in workforce	(33)	10		(0.04)
Partial impairment of a merchant plant as a result of current market outlook	(31)	9		(0.04)
Special items yearly total for 2002				(\$0.66)
EPS, as reported				\$1.22
EPS, ongoing				\$1.88