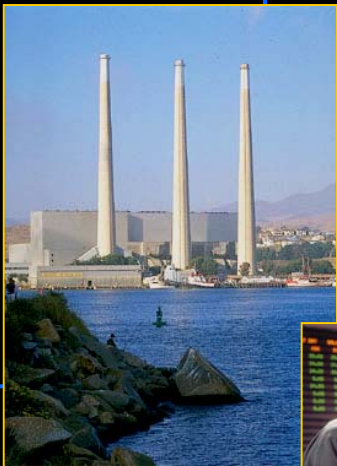




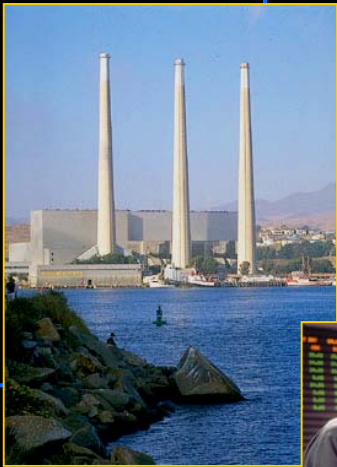
Second Quarter Earnings 2002



Robert Brace
Executive Vice President and
Chief Financial Officer

Rick Priory
Chairman, President and
Chief Executive Officer

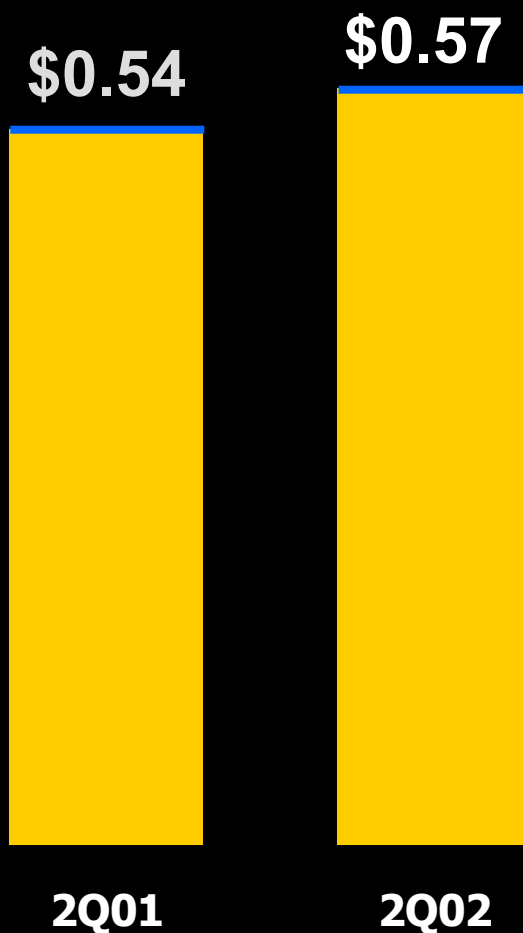
July 23, 2002



Earnings Review

Robert Brace
Executive Vice President and
Chief Financial Officer

Earnings per Share



Primary drivers for 2Q02

Full quarter of earnings from acquisition of Westcoast Energy

Lower operating expenses and increased sales at Franchised Electric

Year-to-date EPS was \$1.05 for 2002, compared with \$1.27 earnings per share in 2001

Results for 2001 exclude a first quarter charge related to SFAS 133 of \$0.13 per share

2Q02 Segment Earnings Before Interest and Taxes



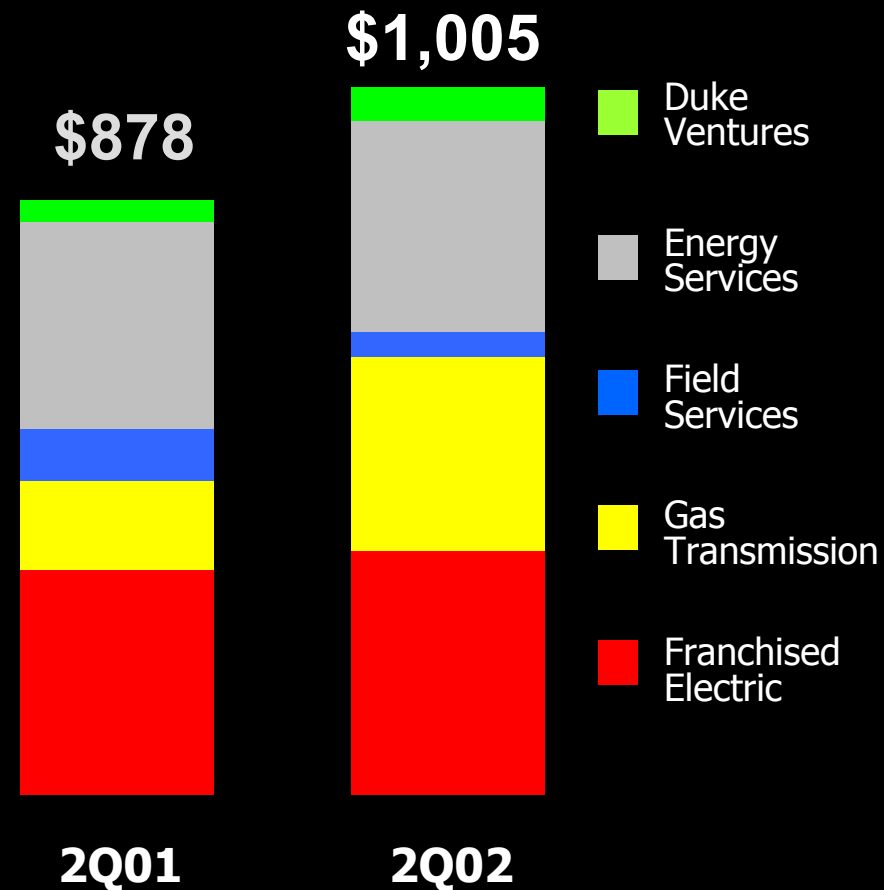
Segment EBIT
(\$ millions)

Total segment EBIT increased 14% in 2Q02

First full quarter of earnings from acquisition of Westcoast Energy

Lower operating expenses and increased sales at Franchised Electric

Lower NGL pricing at Field Services



YTD Segment Earnings Before Interest and Taxes

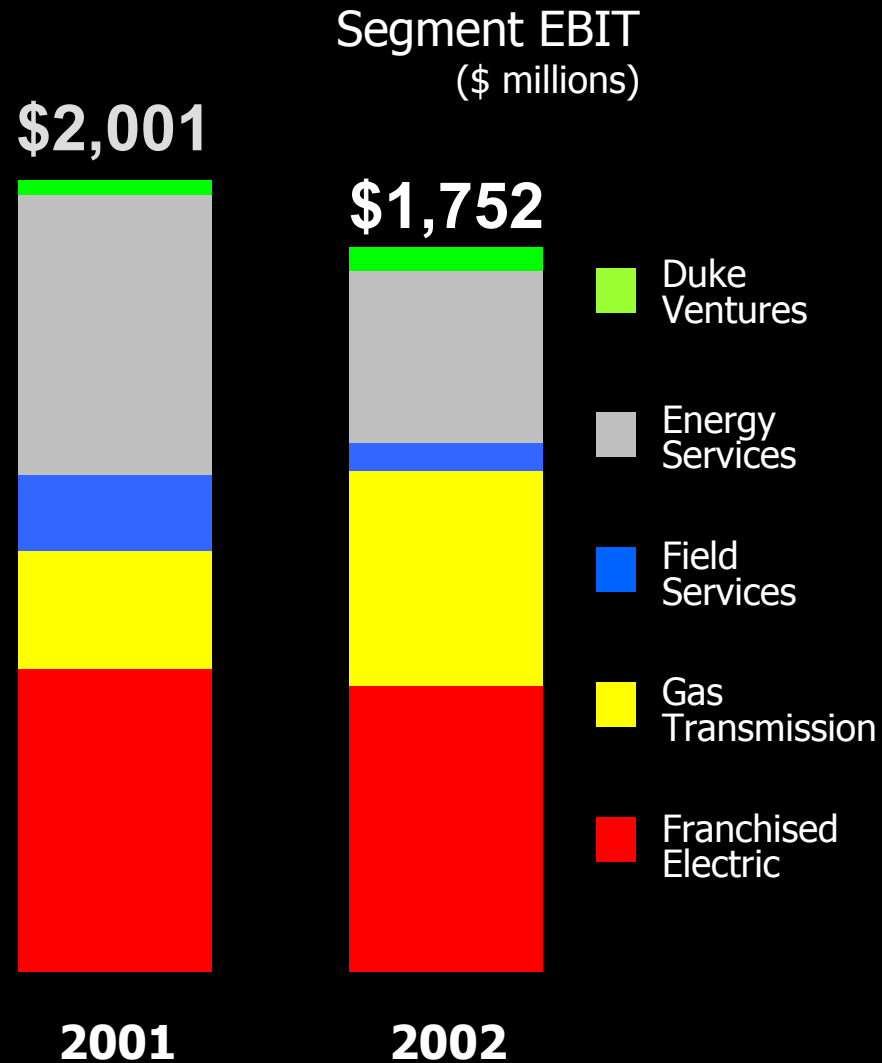
Total segment EBIT decreased 12% in 2002

Four months of earnings from acquisition of Westcoast Energy

Lower sales at Franchised Electric due to mild weather in 1Q02

Decreased trading activity at DENA

Lower NGL pricing at Field Services



Financial Liquidity

	<u>Duke Energy</u>	<u>Duke Capital</u>
CP Program	\$1,250 million	\$1,550 million
2Q02 Avg Balance	\$869 million	\$937 million
LOC Facility	n/a	\$1,075 million
2Q02 Avg Usage	n/a	\$63 million
ECN Program	\$500 million	\$1,000 million

Corporate-Wide Daily Earnings at Risk (DER)

Daily Earnings at Risk: Favorable or unfavorable impact of one day's price movement on the existing portfolio

2Q02 Average DER: \$15 million

2Q01 Average DER: \$27 million

Valuation Measures

as of June 30, 2002

Portfolio Valuation

Merchant generation (Accrual) \$6.4 billion

Mark-to-market \$1.2 billion

Realization Period (cumulative %)

	Mark-to-Market	Accrual
2002	22%	9%
2003	40%	20%
2004	56%	31%

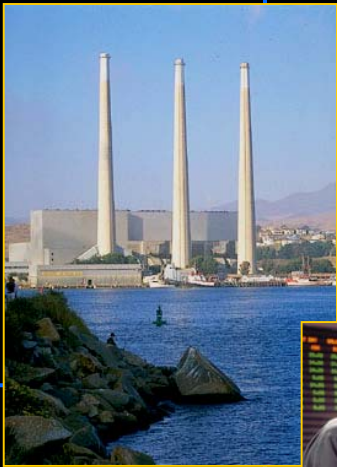
Gross Unrealized Mark-to-Market Margin (Duke Energy)

2Q02: \$103 million 1Q02: \$(68) million

Expected Output of Merchant Generation Hedged (DENA)

2003: 72% 2004: 56% 2005: 55%

Where do we go from here?



Rick Priory
Chairman, President and
Chief Executive Officer

Committed to Strategy

Focused business strategy to build a diversified portfolio of energy businesses and market positions

Diverse asset base

- By commodity

- By location

Risk management expertise

- Manage market cycles

- Enhance value to both customers and shareholders

Reducing Capital Spending

Goal: to maintain strong balance sheet and financial flexibility for the company

Revised estimate for 2002, excluding the acquisition of Westcoast Energy, is approximately \$6.8 billion

Revised estimate for 2003 and 2004 is \$4-6 billion per year

Operating cash flow should fund a large proportion of capital expenditures for 2003 and 2004

Equity Issuance

For 2002, plans continue to issue \$1 billion of equity or equity-linked securities by year end

Continuous issuance of new shares through the DRIP plan

Approximately \$200 million annually

In 2004, the mandatory convertibles issued during 2001 will convert to common equity

Total issuance will range between 34 and 41 million shares

Earnings Guidance

2002

As a result of unstable market environment we expect to earn \$2.45 - \$2.55 per share

2003 and 2004

Expect EPS growth of 5 – 10% annually

Additional amortization related to NC Clean Air legislation will reduce earnings for Franchised Electric

Expect an update in January after formal budgeting and planning process is complete and approved by the Board

Operating Review

DENA added 5,100 MW to the generation portfolio – nearly 13,000 MW in operation

Gas Transmission began operation of Gulfstream and continues expansion of pipeline and storage systems in Canada and NE U.S.

Field Services expects stable pricing for remainder of the year

DEI is working to complete the Tasmanian pipeline; continued good ops in all regions

Franchised Electric will have a rate freeze for five years beginning in 2003; stable earnings and cash flow

Q&A

