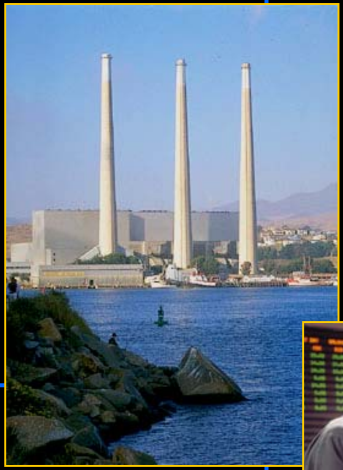
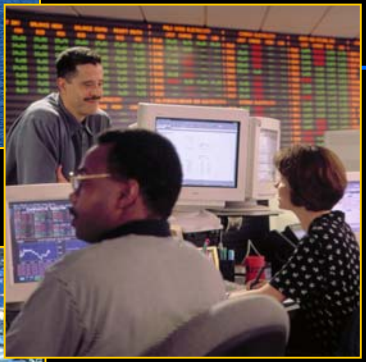



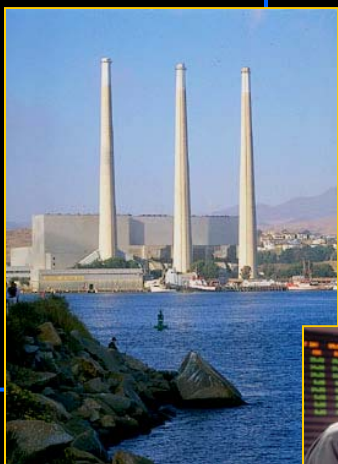

Second Quarter Review

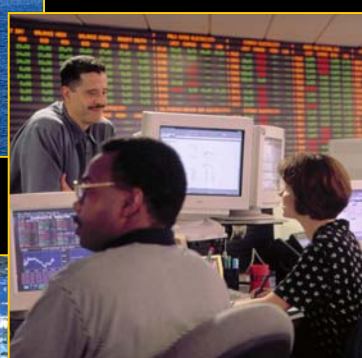
Robert Brace
Executive Vice President and
Chief Financial Officer

Rick Priory
Chairman, President and
Chief Executive Officer

July 25, 2002

Duke Energy



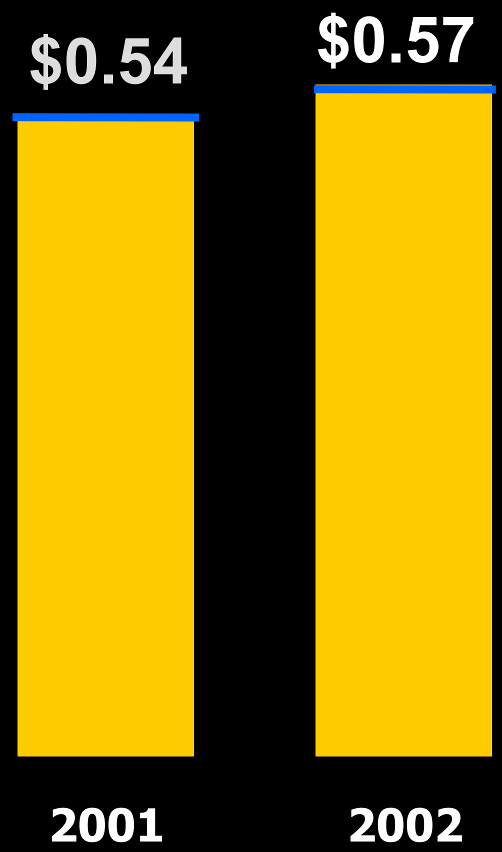


Financial Update

Robert Brace
Executive Vice President and
Chief Financial Officer

Second Quarter Financial Results

Earnings per Share

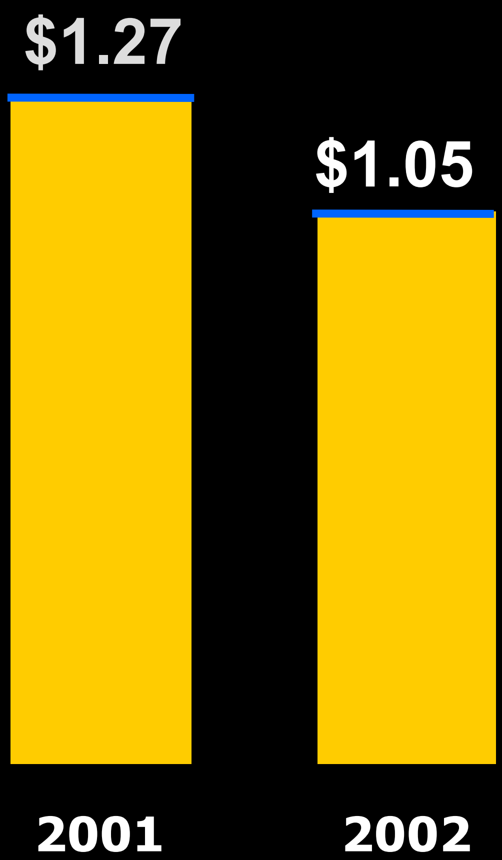


Earnings Drivers

- Three months of earnings from acquisition of Westcoast Energy
- Lower operating expenses and increased power sales at Franchised Electric
- Lower volatility and reduced spark spreads at DENA
- Lower NGL pricing at Field Services

YTD 2002 Financial Results

Earnings per Share



Earnings Drivers

- 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

	Duke Energy	Duke Capital
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

Capital Expenditures

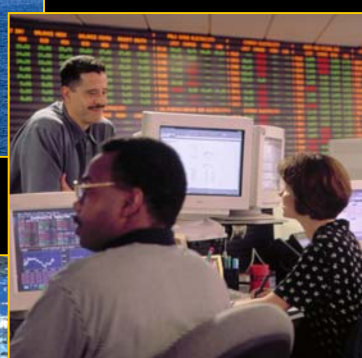
- Goal: to maintain strong balance sheet and financial flexibility for the company
- Revised estimate for 2002, excluding the acquisition of Westcoast Energy, is approximately $6.8 billion
- Revised estimate for 2003 and 2004 is $4-6 billion per year
- Operating cash flow should fund a large proportion 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

Future Earnings Drivers

- Acquisition of Westcoast Energy
  - Accretive to earnings: 3¢ in 2002
  - Strong cash flow business
  - Lower risk profile for corporation
- Rate Freeze at Franchised Electric
  - "Clean Air" legislation freezes rates for five years
  - Amortization of estimated $1.5 billion over seven years
  - Earnings impact of negative 5¢ expected in 2003
- Reduced Trading Activity at DENA
  - EBIT/kw expected to be between $85 and $100
  - Merchant generation additions
    - 2002 – 6,700 MW   2003 – 4,300 MW



Business Update

Rick Priory
Chairman, President and
Chief Executive Officer

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

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

Duke Energy

Q&A