Duke Energy

Proxy Statement

and notice of

2000 Annual Meeting

526 South Church Street
Charlotte, NC 28202-1802

March 13, 2000

Dear Shareholder:

I am pleased to invite you to our annual meeting to be held on April 20, 2000. We are holding the meeting again this year at the O.J. Miller Auditorium in our Charlotte headquarters building. You will hear about our 1999 performance and our goals for 2000 and will have the opportunity to ask questions. Enclosed with this proxy statement are your proxy card and voting instructions and the 1999 annual report.

You will notice that we have used a more “plain English” style and format in this year’s proxy statement. We hope you will like the new format and find the materials easier to read.

For your convenience, we are now offering you the chance to cast your vote by telephone or online via the Internet. Whether you choose to vote by proxy card, telephone or computer, it would help if you would vote as soon as possible.

I look forward to seeing you at the annual meeting.

Sincerely,

Rick Priory

R.B. PRIORY
Chairman of the Board, President
and Chief Executive Officer

526 South Church Street
Charlotte, NC 28202-1802

Notice of Annual Meeting of Shareholders
April 20, 2000

March 13, 2000

We will hold the annual meeting of shareholders of Duke Energy Corporation on Thursday, April 20, 2000, at 10:00 a.m. at the O.J. Miller Auditorium in the Energy Center at 526 South Church Street in Charlotte, North Carolina.

The purpose of the annual meeting is to consider and take action on the following:

1. Election of five nominees as Class III directors.
2. Ratification of Deloitte & Touche LLP as Duke Energy's independent auditors for 2000.
3. Approval of the Duke Energy 2000 Policy Committee Short-Term Incentive Plan.
4. A shareholder proposal relating to the use of mixed oxide fuel in nuclear reactors, if properly presented at the annual meeting.
5. A shareholder proposal relating to limits on outside board positions for directors, if properly presented at the annual meeting.
6. Any other business that properly comes before the annual meeting.

Shareholders of record as of February 29, 2000, can vote at the annual meeting. This proxy statement, proxy card and voting instructions, along with our 1999 annual report to shareholders, are being distributed on or about March 13, 2000.

Your vote is very important. If voting by mail, please sign, date and return the enclosed proxy card in the enclosed prepaid envelope, and allow sufficient time for the postal service to deliver your proxy before the meeting. If voting by telephone or on the Internet, please follow the instructions on your proxy card.

By order of the Board of Directors

Richard W. Blackburn
Executive Vice President,
General Counsel and Secretary

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Commonly Asked Questions and Answers About the Annual Meeting

Q: *What am I voting on?*

A:
- Election of five directors: the nominees are Robert J. Brown, William T. Esrey, George Dean Johnson, Jr., James G. Martin and Richard B. Priory;
- Ratification of Deloitte & Touche LLP as Duke Energy's independent auditors for 2000;
- Approval of the Duke Energy 2000 Policy Committee Short-Term Incentive Plan;
- A shareholder proposal relating to the use of mixed oxide fuel in nuclear reactors, if properly presented at the annual meeting;
- A shareholder proposal relating to limits on outside board positions for directors, if properly presented at the annual meeting.

Q: *Who can vote?*

A: Common shareholders of Duke Energy as of the close of business on the record date, February 29, 2000, can vote at the annual meeting, either in person or by proxy. Each share of Duke Energy Common Stock gets one vote.

Q: *How do I vote?*

A: Sign and date each proxy card that you receive and return it in the prepaid envelope, or vote by telephone or on the Internet. If we receive your signed proxy card (or properly transmitted telephone or Internet proxy) before the annual meeting, we will vote your shares as you direct. You can specify when submitting your proxy whether your shares should be voted for all, some or none of the nominees for director. You can also specify whether you approve, disapprove or abstain from voting on the other four proposals.

If you use the proxy card and simply sign, date and return it without making any selections, your proxy will be voted:
- in **favor** of the election of the nominees for directors named in Proposal 1;
- in **favor** of Proposals 2 and 3; and
- **against** Proposals 4 and 5.

Q: *May I change my vote?*

A: You may change your vote at any time by:
- casting another vote either in person at the meeting, or by one of the other methods discussed above; or
- notifying the Corporate Secretary, in care of the Investor Relations Department, at Post Office Box 1005, Charlotte, NC 28201-1005.

Q: *Can I vote my shares by telephone or on the Internet?*

A: If you hold your shares in your own name, you may vote by telephone or on the Internet, by following the instructions included on your proxy card.

If your shares are held in "street name," you will need to contact your broker or other nominee holder to find out whether you will be able to vote by telephone or on the Internet.

Q: *Will my shares be voted if I do not provide my proxy?*

A: No, if you hold your shares directly in your own name, they will not be voted if you do not provide a proxy unless you vote in person at the meeting. Brokerage firms generally have the authority to vote customers' unvoted shares on certain "routine" matters. If your shares are held in the name of a brokerage firm, the brokerage firm can vote your shares for the election of directors and for Proposals 2 and 3 if you do not timely provide your proxy because these matters are considered "routine" under the applicable rules.

Q: *As a Duke Energy employee, how do I vote shares held in my account in the Duke Energy Retirement Savings Plan?*

A: If you are a participant in the Duke Energy Retirement Savings Plan, you have the right to direct the Plan trustee in the voting of those shares of Duke Energy Common Stock that are held by the Plan and allocated to your Plan account on any issues presented at the annual meeting. Plan participant proxies will be treated confidentially.

If you elect not to vote by proxy, shares allocated to your Plan account will be voted by the Plan trustee in the same proportion as those shares held by the Plan for which the Plan trustee has received direction from Plan participants.

Commonly Asked Questions and Answers About the Annual Meeting

Q: ***What constitutes a quorum?***

A: As of the record date, February 29, 2000, 366,689,508 shares of Duke Energy Common Stock were issued and outstanding and entitled to vote at the meeting. In order to conduct the annual meeting, a majority of the shares entitled to vote must be present in person or by proxy. This is referred to as a "quorum." If you submit a properly executed proxy card or vote by telephone or on the Internet, you will be considered part of the quorum. Abstentions and broker "non-votes" will be counted as present and entitled to vote for purposes of determining a quorum. A broker "non-vote" occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

Q: ***What vote is needed for these proposals to be adopted?***

A: Directors are elected by a plurality of the votes cast at the meeting. "Plurality" means that the nominees receiving the largest number of votes cast are elected as directors up to the maximum number of directors to be chosen at the meeting. A majority of the votes cast at the meeting is required to approve the other proposals. For the election of directors, abstentions and broker "non-votes" will not be counted. For the other proposals, abstentions and broker "non-votes" will not be counted as votes cast.

Q: ***Who conducts the proxy solicitation and how much will it cost?***

A: Duke Energy is asking for your proxy for the annual meeting and will pay all the costs of asking for shareholder proxies. We have hired Georgeson Shareholder Communications, Inc. to help us send out the proxy materials and ask for proxies. Georgeson's fee for these services is $17,500, plus out-of-pocket expenses. We can ask for proxies through the mail or personally by telephone, telegram, fax or other means. We can use directors, officers and regular employees of Duke Energy to ask for proxies. These people do not receive additional compensation for these services. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding solicitation material to the beneficial owners of Duke Energy Common Stock.

Q: ***How does a shareholder nominate someone to be a director of Duke Energy or bring business before the annual meeting?***

A: Nominations for director may be made only by the Board of Directors or by a shareholder who has given the proper notice, as provided in the By-Laws, between 90 and 120 days prior to the first anniversary of the previous year's annual meeting. For the 2001 annual meeting, we must receive this notice on or after December 21, 2000, and on or before January 20, 2001.

Other business may be brought before an annual meeting by a shareholder who has delivered notice (containing certain information specified in the By-Laws) within the time limits described above for delivering notice of a nomination for the election of a director. These requirements apply to any matter that a shareholder wishes to raise at an annual meeting other than through the SEC's shareholder proposal procedures. If you intend to use the SEC procedures and wish to have your proposal included in next year's proxy statement, you must deliver the proposal in writing to our Secretary by November 13, 2000.

A copy of the full text of the By-Law advance notice provisions discussed above may be obtained by writing to the Office of the Corporate Secretary, Post Office Box 1006, Charlotte, North Carolina 28201-1006.

Proposals to be Voted Upon

PROPOSAL 1:
Election of Directors

The Board of Directors recommends a vote FOR each nominee.

The Board of Directors of Duke Energy consists of 13 members, divided into three classes. The three-year terms of the classes are staggered so that the term of one class expires at each annual meeting. The terms of the five Class III directors will expire at the 2000 annual meeting.

The Board of Directors has nominated the following Class III directors for re-election: Robert J. Brown, William T. Esrey, George Dean Johnson, Jr., James G. Martin and Richard B. Priory.

If any director is unable to stand for re-election, the Board of Directors may reduce the number of directors, or designate a substitute. In that case, shares represented by proxies may be voted for a substitute director. We do not expect that any nominee will be unavailable or unable to serve.

PROPOSAL 2:
Ratification of Deloitte & Touche LLP as Duke Energy's Independent Auditors for 2000

The Board of Directors recommends a vote FOR this proposal.

The Board of Directors, upon recommendation of the Audit Committee, has reappointed, subject to shareholder ratification, the firm of Deloitte & Touche LLP, certified public accountants, as independent auditors to examine Duke Energy's accounts for the year 2000. If the shareholders do not ratify this appointment, the Board of Directors will consider other certified public accountants upon recommendation of the Audit Committee.

A representative of Deloitte & Touche LLP will, as in prior years, attend the annual meeting and will have the opportunity to make a statement and be available to respond to appropriate questions.

PROPOSAL 3:
Approval of the Duke Energy 2000 Policy Committee Short-Term Incentive Plan

The Board of Directors recommends a vote FOR this proposal.

The Duke Energy 2000 Policy Committee Short-Term Incentive Plan is designed to advance Duke Energy's interests by rewarding members of the Policy Committee when corporate performance reaches certain predetermined levels. The Plan will be administered by the Compensation Committee of the Board of Directors. Awards may be granted only to members of the Policy Committee (currently numbering seven). The Policy Committee consists of senior executive officers involved in corporate strategic planning and in determining policies and management principles for the entire Duke Energy enterprise.

The full text of the Plan was filed electronically with the SEC with this proxy statement. A brief description of the material features of the Plan is presented here, but you are encouraged to read the full Plan if you need more information.

Material Features of Duke Energy 2000 Policy Committee Short-Term Incentive Plan. Before the end of the first quarter of each year, the Compensation Committee will establish performance targets and corresponding target awards for each Policy Committee member for that year. The Compensation Committee may establish a performance target as a specified level of a business measure and provide that the performance target will be determined by eliminating the financial effects of specified transactions or occurrences. If the Compensation Committee intends that awards qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code (described below), the performance targets may track any of the following business measures, for Duke Energy or any of its subsidiaries or business units:

* earnings per share
* total shareholder return
* stock price increase
* return on equity
* return on capital
* EBIT (earnings before interest and taxes)
* cash flow
* EVA (economic value added)
* SVA (shareholder value added)
* revenues

Achievement of the business measures listed above may be determined on a stand-alone basis or as compared to a peer group. Section 162(m) limits the deductibility of annual compensation over $1 million paid to certain employees. However, this limit

Proposals to be Voted Upon

Proposal 3 continued

does not apply to qualifying performance-based compensation. Alternatively, the Compensation Committee may establish strategic objectives, instead of business measures, as performance targets for awards that it does not intend to qualify as performance-based compensation under Section 162(m). Awards will be payable in cash, and the total amount of all award payments to any Policy Committee member will not exceed $4,000,000 for any given year.

Soon after the close of each year, the Compensation Committee will certify in writing the extent to which the performance targets have been achieved. If any targets have been achieved, the Compensation Committee will determine for each Policy Committee member the amount of the award that has been earned, based on a predetermined formula. The Compensation Committee may reduce the amount of any of these awards based upon its assessment of individual performance, the failure of the Policy Committee member to remain employed by Duke Energy or its subsidiaries throughout the year, or for any other reason. The Compensation Committee may allow members of the Policy Committee to defer payment of all or part of any awards.

If the shareholders approve the Plan, the Plan will replace the current Duke Energy Policy Committee Short-Term Incentive Plan, and the Plan will continue in effect until the Board of Directors terminates it. The Compensation Committee may amend or modify the Plan as it sees fit. No amendment or modification will be effective without Board of Director or shareholder approval, however, if that approval is required to comply with the requirements for performance-based compensation under Section 162(m).

2000 Policy Committee Plan Benefits. Subject to shareholder approval of the Plan, the Compensation Committee has granted the following target awards for the year 2000 under the Plan, with performance targets based on Duke Energy's earnings per share for that year:

Name or Identity of Group	Dollar Value ($)
R.B. Priory Chairman of the Board, President and Chief Executive Officer	950,000
H.J. Padewer Group President, Energy Services	375,000
W.A. Coley Group President, Duke Power	292,500
F.J. Fowler Group President, Energy Transmission	292,500
R.J. Osborne Executive Vice President and Chief Financial Officer	260,000
All eligible executive officers as a group (7)	2,690,000

The actual awards may be more or less than these target awards, depending upon differences between actual earnings per share and the earnings per share performance target.

Proposals to be Voted Upon

SHAREHOLDER PROPOSALS

The following two proposals have been submitted by shareholders for inclusion in this proxy statement. Upon oral or written request, we will promptly furnish the names and addresses of the shareholders submitting the proposals, as well as the number of shares they held at the time the proposals were submitted, along with other contact information they have provided to us.

PROPOSAL 4:
Use of Mixed Oxide Fuel in Nuclear Reactors

The Board of Directors recommends a vote AGAINST this shareholder proposal.

Refuse Plutonium Fuel For Duke Reactors

Whereas: Duke Energy is under contract with the Department of Energy (DOE) to use plutonium fuel (MOX) in the McGuire and Catawba nuclear reactors. Whereas: Duke shareholders are concerned about the impact of plutonium fuel on the safe, efficient and economic operation of the company for the following reasons:

1. Economic dividends from this program are small, speculative, far in the future and not worth the risks to reactor safety or company reputation.
2. Growing public and legislative opposition creates a bad public relations image for our company during a time of utility deregulation and growing competition.
3. Weapons grade plutonium has never been used in commercial nuclear reactors posing unanticipated risks. European experience with reactor grade plutonium fuel has produced inadequate information of unknown relevance to the U.S. weapons grade plutonium fuel program.
4. Uranium fuel is plentiful and inexpensive, with predictable impacts on reactor operations. Plutonium fuel introduces differences in reactor physics which increase accident risks and increases cancer deaths from serious accidents by as much as 25%.
5. Duke Energy participation in this plutonium fuel program would make the company dependent on the Department of Energy and the French government owned firm Cogema. The difficulties and red tape involved in doing business with these two government agencies make the business dynamics of this venture risky.
6. The plutonium fuel program depends on the Russian government doing a parallel program. Duke Energy should not involve itself in a program that depends on political events in Russia.
7. Use of plutonium fuel sends the message that plutonium is acceptable for use in other countries, thus increasing the risk of nuclear weapons material proliferation.
8. Plutonium fuel use would require amending the operating licenses of the nuclear reactors in a process that could be expensive, time consuming and possibly unsuccessful.
9. The Department of Energy is also planning to immobilize some of the plutonium by mixing it with nuclear waste and encasing it in glass or ceramics. The immobilization option is faster, safer, cheaper and does not promote nuclear materials proliferation. Duke shareholders should promote this better option for plutonium disposal. There is no need for Duke Energy to use the unproven weapons plutonium fuel.

THEREFORE BE IT RESOLVED THAT the shareholders of Duke Energy require the Board of Directors to establish a firm policy against the use of plutonium (MOX) fuel. We urge all shareholders to please vote FOR this resolution.

Opposing Statement of the Board of Directors

This proposal was submitted for consideration at our 1999 annual meeting and was defeated, with 92.4% voting against and 7.6% voting in favor.

With this overwhelming shareholder support and the Board of Directors' confidence that it is in the best interests of Duke Energy, we began working in 1999 with a team of companies on the Mixed Oxide (MOX) Fuel Project, a government initiative to dispose of plutonium from United States nuclear weapons that are surplus to defense needs. The project involves fabricating the plutonium into MOX fuel and using the fuel in existing commercial nuclear reactors. Using the plutonium as MOX fuel destroys much of the material and renders the remainder unattractive for re-use in nuclear weapons, while producing electricity as a useful by-product. Duke Energy is scheduled to begin using MOX fuel in the McGuire and Catawba Nuclear Stations in 2007.

In parallel with the U.S. project, Russia will also be fabricating MOX fuel and using it in Russian reactors to dispose of its surplus plutonium. The fundamental goal of the overall program is to reduce the amount of weapons-usable plutonium in Russia, where it is particularly vulnerable to theft or diversion. Since Russia has clearly indicated that it will not dispose of its surplus plutonium unless the U.S. does likewise, the U.S. project and Duke Energy's participation in it are crucial to achievement of that goal. This program has received widespread bipartisan support in the U.S., as well as international endorsement.

The government is paying Duke Energy and its subsidiary, Duke Engineering & Services, for the ongoing preparatory work. Once McGuire and Catawba begin using MOX fuel, Duke Energy will receive the fuel at a lower cost than would be incurred for the equivalent energy content of uranium fuel. Accordingly, by participating in the MOX Fuel Project, Duke Energy will realize direct economic benefits through lower nuclear fuel costs. Specific details on the price of the MOX fuel and the resulting fuel cost savings, like all nuclear fuel contract information, are sensitive and confidential.

MOX fuel use is a proven technology, the feasibility of which has been recognized by the National Academy of Sciences, among others. European reactors have been using MOX fuel safely and efficiently for decades. Before using MOX fuel at McGuire and Catawba, Duke Energy is required to demonstrate to the satisfaction of the U.S. Nuclear Regulatory Commission that using the fuel poses no undue risk to the health and safety of the public.

In summary, MOX fuel is a technology that has been proven through many years of French, German, Belgian and Swiss experience in reactors very similar to McGuire and Catawba. Participation in the MOX Fuel Project does not impose undue financial risk on Duke Energy, and will enable Duke Energy to save money on long-term nuclear fuel costs. In addition, the project supports a key U.S. government nonproliferation initiative, and thereby holds the potential of making the world safer and more secure.

The shareholder proposal seeks to prevent Duke Energy from pursuing these benefits and achieving these important goals. The Board of Directors therefore recommends a vote AGAINST this shareholder proposal.

PROPOSAL 5:
Limits on Outside Board Positions for Directors

The Board of Directors recommends a vote AGAINST this shareholder proposal.

Improve Operations of Duke Energy Board

It is noted that nominees for the Board are almost exclusively "professional" directors of one category or another (educational, professional, and religious affiliations inclusive). Furthermore, Board members normally serve actively as full-time executives of Duke Energy or other entities. A key purpose of the Board is to provide management guidance and a degree of independent oversight of company operations. While there is clearly a connection between "experience" and "bringing something" to service on the Board, there is also a concern with "overload" regarding Board members. Overload is possible for busy people, running companies, and serving on the boards of 5 or 6 or more organizations or entities. For example, for the Class II Directors (Expire 2002), Mr. William Coley works full-time for Duke and serves on the boards of 9 other organizations or entities. Mr. Leo Linbeck heads his own company full-time and is on the board of effectively 34 other companies. This raises serious questions concerning whether or not these individuals are "stretching it," or being overextended, from the standpoint of being able to give adequate attention and oversight to Duke Energy business and management decisions and actions, including important nuclear and environmental regulatory matters. For these reasons it is proposed that shareholders ask that the Directors, as a matter of company policy, with only rare and fully justified exception, limit future Board nominations to those persons meeting other, existing, requirements but serving on no more than 4 other boards of other companies, organizations, or entities.

Opposing Statement of the Board of Directors

The Board of Directors recognizes that each person serving as a director must devote the time and attention necessary to fulfill the obligations of a director. In evaluating this proposal, however, the Board of Directors believes that it is important for shareholders not to be misled. First, the references to the board memberships of William Coley and Leo Linbeck are as of March 1999. Please refer to the current information on board membership included under "Board of Directors" in this proxy statement. Second, Messrs. Coley and Linbeck attended all regular meetings of the Board of Directors since the merger with PanEnergy Corp in June 1997 and missed only one special meeting during this entire period. Finally, what is being proposed goes far beyond corporate governance guidelines that have been adopted by some corporations which limit memberships on boards of non-affiliated for-profit companies. The job responsibilities of many executives, including Mr. Coley, for example, require an active role in community affairs, and those executives are often encouraged to serve on the boards of various nonprofit organizations. This proposal, if adopted, would restrict membership by directors of Duke Energy on boards of any philanthropic, community, religious, educational, professional or cultural organization – regardless of time demands – as well as membership on the boards of Duke Energy's subsidiaries and affiliated companies.

In formulating and reviewing corporate governance guidelines during the past two years, the Corporate Governance Committee specifically considered limiting other board memberships of directors. In its deliberations, the Committee recognized that, while service on boards of other public companies often broadens and deepens the knowledge and experience of directors, service on too many boards can interfere with an individual's ability to perform his or her responsibilities. The Committee, however, decided not to endorse a specific limitation on the number of directorships an individual may hold, for a number of reasons. Over the years, multiple board memberships have not impaired the effectiveness of any member of the Board of Directors of Duke Energy. Moreover, time demands from board to board and capacities of individual directors vary, and imposing hard and fast rules seemed inappropriate. Instead, the Committee decided to ensure through periodic assessments that other existing and planned future commitments of each current director did not materially interfere with his or her service, and to see to it that future nominees were willing to make the necessary personal dedication of time and energy. The Committee also took into account in arriving at its decision that recent surveys indicate that imposing limitations on board memberships was a diminishing concern in setting governance standards – the surveys show that approximately 97% of corporate boards had no limit on the number of boards directors may serve on.

The Board of Directors believes that adoption of this shareholder proposal is not in the best interests of Duke Energy and its shareholders and recommends against its adoption.

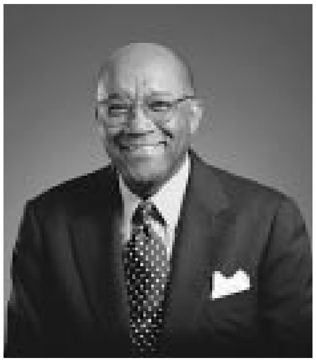
The Board of Directors

Nominees for election at the annual meeting are marked with an asterisk (*).

G. Alex Bernhardt, Sr.

Director since 1991
Chairman and CEO, Bernhardt Furniture Company, furniture manufacturer
Age 56

Mr. Bernhardt has been associated with Bernhardt Furniture Company of Lenoir, North Carolina, since 1965. He was named President and a director in 1976 and became Chairman and CEO in 1996. Mr. Bernhardt is a director of First Union Corporation. He is a Class II director with a term expiring in 2002.



Robert J. Brown *

Director since 1994
Chairman and CEO, B&C Associates, Inc., marketing research and public relations firm
Age 65

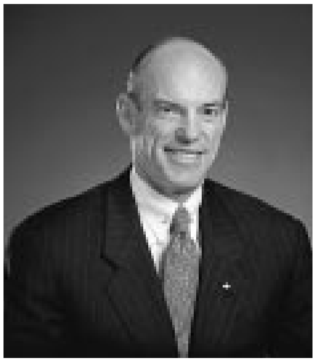
Mr. Brown founded B&C Associates, Inc., High Point, North Carolina, in 1960, served as its President from 1960 until 1968 and has been its Chairman and CEO since 1973. He is a director of First Union Corporation, Sonoco Products Company and AutoNation, Inc.

William A. Coley

Director since 1990
Group President, Duke Power, electric operations of Duke Energy
Age 56

Mr. Coley joined Duke Energy in 1966. He was named President of Duke Energy's Associated Enterprises Group in 1994 and was appointed to his present position in June 1997. He is a director of CT Communications, Carolina Pad and Paper Company and SouthTrust Corporation. Mr. Coley is a Class II director with a term expiring in 2002.

The Board of Directors



William T. Esrey *

Director since 1985
Chairman and CEO, Sprint Corporation, a diversified telecommunications holding company
Age 60

Mr. Esrey has served as Chairman of Sprint Corporation since 1990 and as its CEO since 1985. He was President of Sprint Corporation from 1985 to 1996. Mr. Esrey is a director of Sprint Corporation, General Mills, Inc., Exxon Mobil Corporation and EarthLink Network, Inc. and had been a director of PanEnergy Corp since 1985.

Ann Maynard Gray

Director since 1994
Former Vice President, ABC, Inc. and Former President, Diversified Publishing Group of ABC, Inc., television, radio and publishing
Age 54

Ms. Gray was President, Diversified Publishing Group of ABC, Inc. from 1991 until 1997, and was a Corporate Vice President of ABC, Inc. and its predecessors from 1979 to 1998. She had been a director of PanEnergy Corp since 1994. Ms. Gray is a Class I director with a term expiring in 2001.

Dennis R. Hendrix

Director since 1990
Retired Chairman of the Board, PanEnergy Corp
Age 60

Mr. Hendrix was Chairman of the Board of PanEnergy Corp from 1990 to 1997; CEO from 1990 to 1995; and President from 1990 to 1993. He served as a director of Texas Eastern Transmission Corporation from 1990 to 1997 and as President and CEO from 1990 to 1994. Mr. Hendrix is a director of Allied Waste Industries, Inc., National Power, PLC and Newfield Exploration Company. He is a Class I director with a term expiring in 2001.

The Board of Directors

Harold S. Hook

Director since 1978
Consultant, Retired Chairman and CEO, American General Corporation, diversified financial services
Age 68

Mr. Hook retired from American General Corporation in 1997 after more than 18 years as Chairman and CEO. He serves as a director of Chase Manhattan Corporation, The Chase Manhattan Bank and Sprint Corporation and had been a director of PanEnergy Corp since 1978. Mr. Hook is a Class I director with a term expiring in 2001.

George Dean Johnson, Jr. *

Director since 1986
President and CEO, Extended Stay America, development, ownership and management of extended-stay lodging facilities
Age 57

Mr. Johnson served as President of the Domestic Consumer Division of Blockbuster Entertainment Corporation from 1993 until 1995. He was a co-founder of Extended Stay America and has served as its President and CEO since 1995. Mr. Johnson is a director of Extended Stay America, Boca Resorts, Inc., and AutoNation, Inc.

Max Lennon

Director since 1988
President, Mars Hill College, Mars Hill, NC
Age 59

Dr. Lennon assumed his present position in 1996, after serving as President of Eastern Foods, Inc. from 1994 through 1995. He was previously involved in higher education from 1966 to 1994, his last tenure being at Clemson University where he served as President for eight years. Dr. Lennon is a director of Delta Woodside Industries, Inc. He is a Class II director with a term expiring in 2002.

The Board of Directors

Leo E. Linbeck, Jr.

Director since 1986
Chairman, President and CEO, Linbeck Corporation, holding company of four construction-related firms
Age 65

Mr. Linbeck assumed his present position in 1990 after serving as Chairman, President and CEO of Linbeck Construction Corporation from 1975 to 1990. He served as a director of PanEnergy Corp from 1986. Mr. Linbeck is a Class II director with a term expiring in 2002.

James G. Martin, Ph.D. *

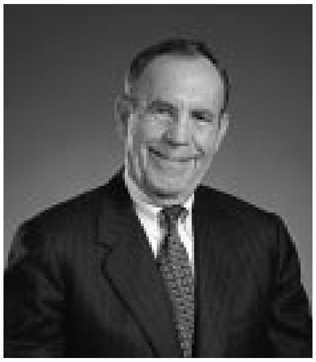
Director since 1994
Vice President, Research, Carolinas HealthCare System
Age 64

Dr. Martin was named to his present position in 1995. He served as Governor of the State of North Carolina from 1985 to 1993 and was a member of the United States House of Representatives, representing the Ninth District of North Carolina, from 1973 to 1984. Dr. Martin is a director of Palomar Medical Technologies, Inc., Applied Analytical Industries, Inc. and Family Dollar Stores, Inc.

Richard B. Priory *

Director since 1990
Chairman of the Board, President and CEO, Duke Energy Corporation
Age 53

Mr. Priory became Chairman of the Board and CEO in June 1997 upon the merger of Duke Energy and PanEnergy Corp, and became President in November 1998. He had served as President and Chief Operating Officer of Duke Energy from 1994 until June 1997. He is a director of Dana Corporation and US Airways Group, Inc. and serves on the boards of the Edison Electric Institute and the Institute of Nuclear Power Operations. Mr. Priory is also a member of the National Academy of Engineering.



Russell M. Robinson, II

Director since 1995
Attorney, Robinson, Bradshaw & Hinson, P.A.
Age 68

Mr. Robinson has been engaged in the practice of law since 1956, and is the author of *Robinson on North Carolina Corporation Law*. He is a director of Caraustar Industries, Inc. and Cadmus Communications Corporation and is a trustee of The Duke Endowment. He also serves as a member of the American Law Institute and a Fellow of the American Bar Foundation. Mr. Robinson is a Class I director with a term expiring in 2001.

Beneficial Ownership

This table indicates how much Duke Energy Common Stock was beneficially owned by the directors, the executive officers listed under "Summary Compensation Table" in "Compensation" below ("Named Executive Officers") and by all directors and executive officers as a group as of December 31, 1999.

- The shares listed as "Beneficially Owned" include shares held in our employee benefit plans and in trust for the directors under their compensation plan.
- The shares listed as "May Be Acquired" are all shares of Duke Energy Common Stock that can be acquired upon the exercise of stock options granted under the Duke Energy 1998 Long-Term Incentive Plan.
- Beneficial ownership of directors and executive officers as a group, not including shares held by the trusts referred to in footnote 2 to the table, represents beneficial ownership of less than 1% of the outstanding shares of Duke Energy Common Stock.

	Shares of Common Stock		
Name or Identity of Group	Beneficially Owned	Total Beneficially Owned [3]	May Be Acquired
G.A. Bernhardt, Sr.	7,857	7,857	3,800
R.J. Brown	3,562	3,562	3,800
W.A. Coley[1]	21,321	61,321	278,500
W.T. Esrey	20,572	20,572	3,800
F.J. Fowler	38,603	132,815	332,712
A.M. Gray	5,583	13,937	12,154
D.R. Hendrix	236,637	236,637	3,800
H.S. Hook	18,186	23,406	9,020
G.D. Johnson, Jr.	10,367	10,367	3,800
M. Lennon	7,729	7,729	3,800
L.E. Linbeck, Jr.	20,519	20,519	3,800
J.G. Martin	4,229	4,229	3,800
R.J. Osborne[1]	8,206	28,206	162,000
H.J. Padewer	7,794	57,794	346,900
R.B. Priory[1]	13,091	113,091	500,000
R.M. Robinson, II	8,910,584[2]	8,910,584[2]	3,800
Directors and executive officers as a group (19)	9,334,125[2]	9,726,429[2]	1,675,486

1 Also own Common Stock equivalents under the Duke Energy Executive Savings Plan in the following amounts: R.B. Priory, 25,226; W.A. Coley, 43,998; R.J. Osborne, 733.

2 Includes 7,604,721 shares owned by The Duke Endowment and 1,302,132 shares owned by the Doris Duke Trust. Mr. Robinson, who is a trustee of each of these trusts, with shared voting and investment power, disclaims beneficial ownership of these shares.

3 Includes shares that may be acquired within 60 days after December 31, 1999.

This table shows how many units of limited-partnership interests in TEPPCO Partners, L.P. were beneficially owned on December 31, 1999, by directors of Duke Energy, Named Executive Officers, and by directors and executive officers of Duke Energy as a group. TEPPCO Partners, L.P. is a publicly traded master limited partnership, and Texas Eastern Products Pipeline Company, an indirect wholly owned subsidiary of Duke Energy, is its general partner. As of December 31, 1999, the number of units beneficially owned by directors and executive officers of Duke Energy as a group was less than 1% of the outstanding units. None of these persons had the right to acquire units within 60 days after December 31, 1999.

Name or Identity of Group	Number of Units Beneficially Owned
F.J. Fowler	3,100
D.R. Hendrix	29,000
H.S. Hook	4,000
R.J. Osborne	1,000
Directors and executive officers as a group	38,000

Information on The Board of Directors

Board Meetings and Attendance

The Board of Directors had eight meetings during 1999. During 1999, no director attended less than 75% of the total of the board meetings and the meetings of the committees upon which he or she served, except that, due to unavoidable circumstances, William T. Esrey was only able to attend approximately 70% of such meetings.

Board Committees

The Board of Directors has the six standing committees described below:

- The *Audit Committee* recommends to the Board of Directors the engagement of Duke Energy's independent auditors, determines the scope of the auditing of the books and accounts of Duke Energy, reviews reports submitted by the auditors, examines procedures used in Duke Energy's internal audit program and makes recommendations on audit matters to the Board of Directors.

- The *Compensation Committee* sets the salaries and other compensation of all executive officers of Duke Energy except the Chairman of the Board. This Committee makes recommendations to the Board of Directors regarding the salary and other compensation of the Chairman of the Board for consideration and action by the Board of Directors, without the presence or participation of the Chairman of the Board. The Committee also makes recommendations to the Board of Directors on compensation for outside directors.

- The *Corporate Governance Committee* considers matters related to corporate governance and formulates and periodically revises principles for board governance, recommends to the Board of Directors the size and composition of the Board of Directors within the limits set forth in the Articles of Incorporation and By-Laws and recommends potential successors to the Chief Executive Officer. This Committee considers nominees for the Board of Directors recommended by shareholders.

- The *Corporate Performance Review Committee* monitors and makes recommendations for improving Duke Energy's overall performance. It also determines whether current policies provide sufficient support for Duke Energy's emphasis on continuous improvement.

- The *Finance Committee* reviews Duke Energy's financial and fiscal affairs and makes recommendations to the Board of Directors regarding dividend, financing and fiscal policies.

- The *Management Committee* exercises all of the authority of the Board of Directors during the intervals between board meetings, except with respect to certain actions specified in the By-Laws.

Information on The Board of Directors

Board Committee Membership Roster

Name	Audit	Compensation	Corporate Governance	Corporate Performance Review	Finance	Management
G.A. Bernhardt, Sr.				✔*	✔	
R.J. Brown				✔	✔	
W.A. Coley						✔
W.T. Esrey		✔	✔			
A.M. Gray	✔			✔		
D.R. Hendrix			✔	✔		
H.S. Hook	✔			✔		
G.D. Johnson, Jr.		✔			✔*	
M. Lennon	✔*	✔				
L.E. Linbeck, Jr.	✔	✔*				
J.G. Martin		✔	✔*			
R.B. Priory			✔		✔	✔*
R.M. Robinson, II	✔		✔			
Number of meetings in 1999	7	7	5	6	6	23

* Chair

Resignation Policy

We have a policy stating that members of the Board of Directors are to submit their resignations when they change employment or have another significant change in their professional roles and responsibilities. The normal retirement of those individuals who were members of the Board of Directors when the policy was adopted in 1998 is not considered a change for this purpose. The Corporate Governance Committee will determine whether any such resignation will be accepted. Any resignation that is accepted will likely be effective as of the end of the term of the director tendering the resignation.

Certain Relationships

We have had business relationships and engaged in certain transactions with affiliated parties. It is our policy to engage in transactions with related parties only on terms that are no less favorable to us than could be obtained in transactions with unrelated parties.

During 1999, certain of our subsidiaries retained the law firm of Robinson, Bradshaw & Hinson, P.A., of which Russell M. Robinson, II is a shareholder. The fees our subsidiaries paid for legal services to the law firm in 1999 represented less than 5% of the firm's gross revenues for the year.

Information on The Board of Directors

Compensation of Directors

We pay outside directors an annual retainer of $40,000. We also pay an outside director serving as Chairman of the Audit, Compensation, Corporate Governance, Corporate Performance Review or Finance Committee an additional $4,000 per year. Outside directors also receive a fee of $1,000 for attendance at each meeting of the Board of Directors, each committee meeting and other functions requiring their presence, together with expenses of attendance.

A director may elect to receive 50% of his or her retainer and attendance fees in the form of Duke Energy Common Stock or may defer that portion by having it held in trust for the director's benefit and invested in Duke Energy Common Stock at market price. The director may elect to receive the remaining 50% of such compensation in cash or may elect to defer, until termination of his or her service on the Board of Directors, that portion in trust as shares of Duke Energy Common Stock or in an investment account that is credited with a market rate of interest.

In January and July of each year, each outside director is credited with 100 shares of Duke Energy Common Stock to be held in trust. Dividends paid on this stock will be reinvested in Duke Energy Common Stock. When a director's service on the Board of Directors terminates, he or she will receive the shares held in trust for his or her account on the basis of the distribution schedule that he or she has chosen.

In 1999, outside directors began receiving annual grants of non-qualified stock options under the Duke Energy 1998 Long-Term Incentive Plan. The first grant, for a total of 1,800 options, was made on April 1, 1999, with subsequent annual grants, each for a total of 2,000 options, to be made at the same time executive officers receive awards. The grant for year 2000 was made on December 20, 1999, consistent with the grant date for year 2000 awards to executive officers.

After ten years on the Board of Directors, eligible directors participate in the Directors' Charitable Giving Program. Under this program, Duke Energy will make, upon the director's death, donations of up to $1,000,000 to charitable organizations selected by the director. A director may request that Duke Energy make donations under this program during the director's lifetime, in which case the maximum donation will be reduced on a net present value basis. We maintain life insurance policies upon eligible directors to fund donations under the program. Eligible directors include only those who were members of the Board of Directors on February 18, 1998, and certain former directors who previously qualified for this benefit.

Directors are subject to stock ownership guidelines which, as originally adopted, required them to build and maintain holdings of Duke Energy Common Stock (or Common Stock equivalents) equal in market value to three times the annual retainer ($120,000). In October 1999, the Compensation Committee amended the guidelines to establish the target level of ownership as a fixed number of shares. The target level for outside directors under the amended guidelines is 2,000 shares. Each outside director is expected to attain this ownership level within five years from January 1, 1997, the implementation date of the guidelines, or from the beginning of his or her service on the Board of Directors, if after that date.

Report of the Compensation Committee

The Committee's Responsibilities

The Compensation Committee of the Board of Directors is composed entirely of nonemployee directors. The Compensation Committee is responsible for setting and administering policies which govern Duke Energy's executive compensation programs. The purpose of this report is to summarize the compensation philosophy and policies that the Compensation Committee applied in making executive compensation decisions in 1999.

Compensation Philosophy

The Compensation Committee has approved compensation programs intended to:

- Attract and retain talented executive officers and key employees by providing total compensation competitive with that of other executives employed by companies of similar size, complexity and lines of business;
- Motivate executives and key employees to achieve strong financial and operational performance;
- Emphasize performance-based compensation, which balances rewards for short-term and long-term results;
- Reward individual performance;
- Link the interests of executives with shareholders by providing a significant portion of total pay in the form of stock incentives and requiring shareholdings;
- Encourage long-term commitment to Duke Energy.

Stock Ownership Guidelines

To underscore the importance of linking executive and shareholder interests, the Board of Directors has adopted stock ownership guidelines for executive officers and other members of senior management. As initially adopted, the target level of ownership of Duke Energy Common Stock (or Common Stock equivalents) was established as a multiple of base salary. In October 1999, the Compensation Committee amended the guidelines to establish the target level of ownership as a fixed number of shares. The target level under the amended guidelines for the Chairman of the Board, President and Chief Executive Officer is 50,000 shares. The target level for the remaining members of the Policy Committee, including Messrs. Padewer, Coley, Fowler and Osborne, is 14,000 shares. Each employee subject to the guidelines is expected to achieve the ownership target by January 1, 2002, or within five years from the date on which the employee became subject to the guidelines, whichever is later. Common Stock beneficially held for an executive's Duke Energy Retirement Savings Plan account, Common Stock equivalents earned through non-qualified deferred compensation programs and any other beneficially owned Common Stock are included in determining compliance with the guidelines. Shares that executives have the right to acquire through the exercise of stock options are not included in the calculation of stock ownership for guideline purposes.

Compensation Methodology

Each year the Compensation Committee reviews data from market surveys, proxy statements and independent consultants to assess Duke Energy's competitive position with respect to the following three components of executive compensation:

- base salary;
- annual incentives; and
- long-term incentives.

The Compensation Committee also considers individual performance, level of responsibility, and skills and experience in making compensation decisions for each executive. In 1999, the Compensation Committee retained the consulting firm of Frederick W. Cook and Co. to conduct an overall review of Duke Energy's existing and proposed executive compensation programs, in addition to a review of the compensation of the Chief Executive Officer.

Components of Compensation

- ***Base Salary:*** Base salaries for executives are determined based upon job responsibilities, level of experience, individual performance, comparisons to the salaries of executives in similar positions obtained from market surveys, and competitive data obtained from consultants and staff research. The goal for the base pay component is to compensate executives at a level which approximates the median salaries of individuals in comparable positions and markets. The Compensation Committee approves all salary increases for executive officers. Base pay increases were approved, effective March 1, 1999, for certain executive officers, including Messrs. Priory, Coley, Fowler and Osborne. Mr. Padewer's base salary was set when his employment began in January 1999.

Report of the Compensation Committee

- ***Annual Incentives:*** Annual cash incentives are provided to executives to promote the achievement of performance objectives of Duke Energy and the executive's particular business unit. In 1999, the Compensation Committee administered two annual incentive plans that permitted the granting of annual cash incentives. Policy Committee members, including the Named Executive Officers, earned incentive compensation under the Duke Energy Policy Committee Short-Term Incentive Plan, while executive officers not on the Policy Committee earned incentive compensation under the Duke Energy Short-Term Incentive Plan. Incentive opportunities for executives under both Plans are established as a percentage of base salary, using survey data for individuals in comparable positions and markets. Incentive amounts are intended to equal the median incentive amounts for individuals in comparable positions and markets when target performance is achieved. Incentive amounts may equal up to 150% of target when outstanding results are achieved.

  Awards under the Policy Committee Short-Term Incentive Plan were calculated based upon Duke Energy's earnings per share (EPS) results. The Compensation Committee established minimum, target and maximum performance levels prior to the beginning of 1999, and participants could receive up to 150% of their short-term incentive targets. EPS performance for 1999 resulted in payments of 111% of bonus targets to the Policy Committee members, including the Named Executive Officers.

  Awards under the Duke Energy Short-Term Incentive Plan, in which executive officers other than members of the Policy Committee participated, were determined on the basis of a combination of: (1) EPS measures, (2) earnings before interest and income taxes (EBIT) measures and, in some instances, other measures unique to individual business groups, and (3) individual objectives. EPS measures, EBIT measures (and individual and business group measures, if applicable) and individual objectives determined 40%, 30% and 30%, respectively, of each executive officer's bonus.

  Annual incentive compensation for the Named Executive Officers beginning in 2000 will be awarded under the terms of the Duke Energy 2000 Policy Committee Short-Term Incentive Plan, subject to shareholder approval of the Plan at the annual meeting. Please refer to the benefits table included in Proposal 3.

- ***Long-Term Incentive Compensation:*** The Compensation Committee has structured long-term incentive compensation to provide for an appropriate balance between rewarding performance and encouraging employee retention. Long-term incentives are granted primarily in the form of stock options. The purpose of stock options is to align compensation directly with increases in shareholder value. The number of options granted is determined by reviewing survey data to determine the annualized value of long-term incentive compensation made to other executives and management employees in comparable positions and markets (target value) and then dividing the target value by an expected present value of the option, as determined by using the Black-Scholes option pricing model. In determining the number of options to be awarded, the Compensation Committee, or, in some cases, its designee, also considers the grant recipient's qualitative and quantitative performance, the size of stock option awards in the past, and expectations of the grant recipient's future performance.

  In late 1999, as a component of year 2000 compensation, the Compensation Committee approved an award of non-qualified stock options (as described under "Option Grants in 1999" below) to members of the Policy Committee except Mr. Priory. In early 1999 and, as a component of year 2000 compensation, again in late 1999, the Compensation Committee approved the award of non-qualified stock options to executive officers who were not members of the Policy Committee. All 1999 stock option awards were granted under the Duke Energy 1998 Long-Term Incentive Plan.

  In providing long-term incentive compensation, Duke Energy also seeks to ensure the retention of key executives. Towards this objective, the Compensation Committee approved in August 1999 the award of performance shares (as described under "Long-Term Incentive Plan - Awards in 1999" below) to certain executives under the Duke Energy 1998 Long-Term Incentive Plan, including awards to Messrs. Priory, Coley, Fowler and Osborne. These awards have an accelerated vesting feature which allows one third of the performance shares to vest upon achievement of each of three predetermined target increases in total shareholder return. However, to encourage the recipients to remain employed with Duke Energy, these awards cannot vest prior to August 2002 by reason of such accelerated vesting. If vesting does not occur earlier, the awards, with the exception of a 75,000 performance share award to Mr. Priory, will vest in August 2006. Performance shares will be forfeited upon termination of the executive's employment to the extent not then vested.

Report of the Compensation Committee

Compensation with Section 162(m) of the Internal Revenue Code

Under Section 162(m) of the Internal Revenue Code, Duke Energy may not deduct annual compensation in excess of $1 million paid to certain employees, generally its Chief Executive Officer and its four other most highly compensated executive officers, unless that compensation qualifies as performance-based compensation. While the Compensation Committee intends to structure performance-related awards in a way that will preserve the maximum deductibility of compensation awards, the Compensation Committee may from time to time approve awards which would vest upon the passage of time or other compensation which would not result in qualification of those awards as performance-based compensation. It is not anticipated that compensation realized by any executive officer under Duke Energy plans and programs now in effect will result in a material loss of tax deductions.

Please refer to the discussion in Proposal 3 for information on the deductibility of certain compensation payable under the Duke Energy 2000 Policy Committee Short-Term Incentive Plan.

Compensation of the Chief Executive Officer

The Compensation Committee reviews annually the compensation of the Chief Executive Officer and recommends any adjustments to the Board of Directors for approval. The Chief Executive Officer participates in the same programs and receives compensation based upon the same criteria as Duke Energy's other executive officers. However, the Chief Executive Officer's compensation reflects the greater policy- and decision-making authority that the Chief Executive Officer holds and the higher level of responsibility he has with respect to the strategic direction of Duke Energy and its financial and operating results. For 1999, the components of Mr. Priory's compensation were:

- ***Base Salary:*** After considering Duke Energy's overall performance and competitive practices, the Compensation Committee recommended, and the Board of Directors approved, an 11% increase in Mr. Priory's base salary, to $900,000, effective March 1, 1999.

- ***Annual Incentives:*** Annual incentive compensation for Mr. Priory is based solely upon EPS results. Based on 1999 EPS performance, Mr. Priory received a payment of $997,140, representing 111% of his target incentive opportunity.

- ***Long-Term Incentives:*** In August 1999, Mr. Priory received two performance share awards granted under the Duke Energy 1998 Long-Term Incentive Plan. One award, for 75,000 performance shares, permits one third of the performance shares to vest upon the achievement of each of three predetermined target increases in total shareholder return, but not prior to August 19, 2002, on this basis. Mr. Priory will forfeit any unvested portion of the award on August 19, 2006. A second award, for 50,000 performance shares, has the same accelerated vesting features. The second award will vest on August 19, 2006, to the extent not then vested or forfeited.

In July 1999, the Compensation Committee elected to schedule its annual review of Chief Executive Officer performance and compensation for February of each year, to assure thorough consideration of year-end results. Actions taken by the Board of Directors in February 2000 with respect to Mr. Priory's 2000 compensation will be reflected in the proxy statement for the 2001 annual meeting, and will include, among other things, an award to Mr. Priory of non-qualified stock options with respect to 200,000 shares.

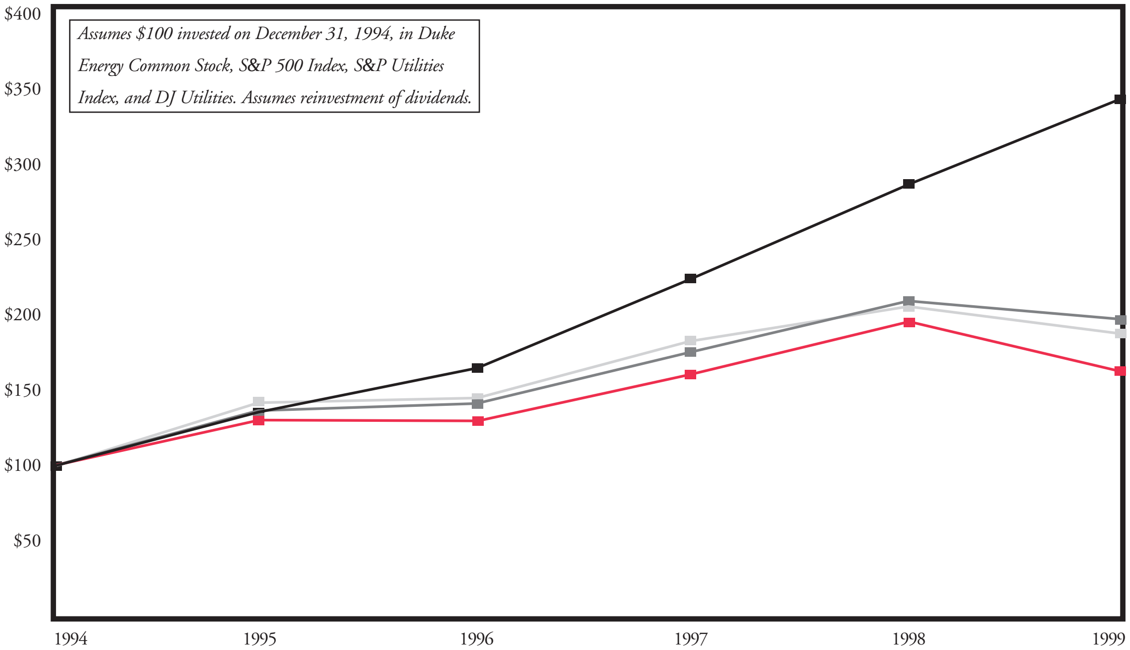
It is the Compensation Committee's intention that, when taken together, the components of Mr. Priory's pay, including base salary, annual incentives, short-term incentive opportunity and long-term incentives, will result in compensation which approximates the 50th percentile of the market when incentive plan performance expectations are met and in compensation as high as the 75th percentile of the market when incentive plan performance expectations are exceeded.

This report has been provided by the Compensation Committee.

Leo E. Linbeck, Jr., Chairman
William T. Esrey
George Dean Johnson, Jr.
Max Lennon
James G. Martin

Performance Graphs

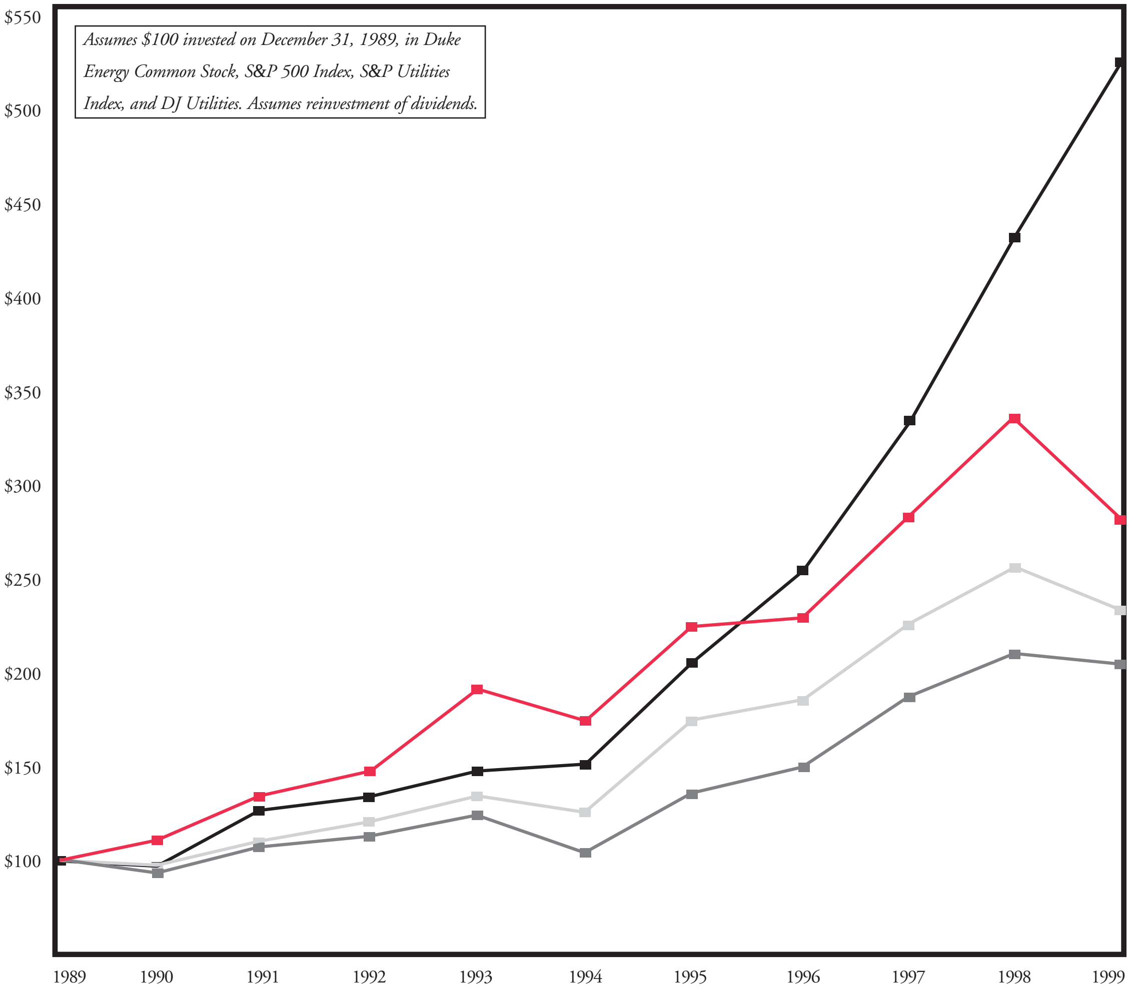
Comparison of Five-Year Cumulative Total Return Among Duke Energy, S&P 500 Index, S&P Utilities Index, and Dow Jones Utilities



1995
Duke: **$130**
S&P 500: **$137**
S&P Utilities: **$141**
DJ Utilities: **$131**
1996
Duke: **$132**
S&P 500: **$168**
S&P Utilities: **$145**
DJ Utilities: **$143**
1997
Duke: **$164**
S&P 500: **$224**
S&P Utilities: **$179**
DJ Utilities: **$174**
1998
Duke: **$197**
S&P 500: **$287**
S&P Utilities: **$205**
DJ Utilities: **$206**
1999
Duke: **$161**
S&P 500: **$347**
S&P Utilities: **$187**
DJ Utilities: **$195**

Duke
S&P 500 Index
S&P Utilities
DJ Utilities

Comparison of Ten-Year Cumulative Total Return Among Duke Energy, S&P 500 Index, S&P Utilities Index, and Dow Jones Utilities



1990
Duke: **$115**
S&P 500: **$97**
S&P Utilities: **$97**
DJ Utilities: **$95**
1991
Duke: **$138**
S&P 500: **$126**
S&P Utilities: **$111**
DJ Utilities: **$109**
1992
Duke: **$145**
S&P 500: **$135**
S&P Utilities: **$119**
DJ Utilities: **$113**
1993
Duke: **$182**
S&P 500: **$149**
S&P Utilities: **$136**
DJ Utilities: **$124**
1994
Duke: **$172**
S&P 500: **$151**
S&P Utilities: **$125**
DJ Utilities: **$105**
1995
Duke: **$223**
S&P 500: **$207**
S&P Utilities: **$175**
DJ Utilities: **$138**
1996
Duke: **$228**
S&P 500: **$253**
S&P Utilities: **$180**
DJ Utilities: **$150**
1997
Duke: **$283**
S&P 500: **$337**
S&P Utilities: **$223**
DJ Utilities: **$183**
1998
Duke: **$339**
S&P 500: **$433**
S&P Utilities: **$255**
DJ Utilities: **$216**
1999
Duke: **$277**
S&P 500: **$523**
S&P Utilities: **$233**
DJ Utilities: **$205**

Compensation

Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation ($)	Restricted Stock Award(s) ($)	Securities Underlying Options/SARS (#)	LTIP Payouts ($)	All Other Compensation ($)[4]
	Annual Compensation				Long-Term Compensation			
					Awards		Payouts	
R.B. Priory Chairman of the Board, President and Chief Executive Officer	1999	895,420	997,140	109,708				148,501
	1998	810,000	891,000	34,011		500,000		1,034,203
	1997	671,933	297,339	59,652			397,013	99,165
H.J. Padewer[1] Group President Energy Services	1999	400,008	311,814	7,921	375,938[3]	346,900		94,112
W.A. Coley Group President Duke Power	1999	392,616	262,330	16,353		78,500		58,430
	1998	380,676	159,884	16,941		200,000		221,245
	1997	387,392	190,407	14,302			281,959	95,180
F.J. Fowler[2] Group President Energy Transmission	1999	385,830	257,796	32,495		78,500		89,941
	1998	360,000	237,600	2,131		200,000		47,056
	1997	190,227	185,040					27,665
R.J. Osborne Executive Vice President and Chief Financial Officer	1999	366,250	244,714	19,827		62,000		42,751
	1998	324,000	213,840	9,987		100,000		168,907
	1997	299,322	72,085	36,284			171,774	32,516

1 Mr. Padewer joined Duke Energy on January 1, 1999.

2 Compensation amounts shown for Mr. Fowler for 1997 relate to the period from June 18, 1997, to December 31, 1997.

3 Mr. Padewer's aggregate restricted stock holdings at December 31, 1999, were 7,500 shares, with a value on that date of $375,938. Dividends are paid on such shares. One fourth of the restricted stock award to Mr. Padewer (1,875 shares) vested on January 3, 2000. The remainder is to vest in three additional installments of 1,875 shares each on January 2, 2001, January 2, 2002, and January 2, 2003.

4 All Other Compensation column includes the following for 1999:

a. Matching contributions under the Duke Energy Retirement Savings Plan as follows: R.B. Priory, $9,600; H.J. Padewer, $7,900; W.A. Coley, $9,600; F.J. Fowler, $9,600; R.J. Osborne, $9,514.

b. Make-whole matching contribution credits under the Duke Energy Executive Savings Plan as follows: R.B. Priory, $97,585; H.J. Padewer, $16,100; W.A. Coley, $23,550; F.J. Fowler, $27,806; R.J. Osborne, $25,291.

c. Above-market interest earned on account balances in the Duke Energy Executive Savings Plan, Supplemental Account as follows: R.B. Priory, $11,587; H.J. Padewer, $0; W.A. Coley, $15,395; F.J. Fowler, $0; R.J. Osborne, $5,991.

d. Economic value of life insurance coverage provided under life insurance plans as follows: R.B. Priory, $17,838; H.J. Padewer, $3,195; W.A. Coley, $4,918; F.J. Fowler, $3,059; R.J. Osborne, $1,955.

e. The cost to Duke Energy of supplemental life insurance coverage under the Duke Energy Supplemental Insurance Plan as follows: R.B. Priory, $11,252; H.J. Padewer, $0; W.A. Coley, $4,527; F.J. Fowler, $0; R.J. Osborne, $0.

f. The economic benefit of split-dollar life insurance coverage pursuant to the Duke Energy Estate Conservation Plan as follows: R.B. Priory, $639; H.J. Padewer, $0; W.A. Coley, $440; F.J. Fowler, $0; R.J. Osborne, $0.

g. Early payment of banked time benefit earned under benefits program at PanEnergy Corp as follows: F.J. Fowler, $49,476.

h. Supplemental relocation payments made under Duke Energy's relocation policy as follows: H.J. Padewer $66,917.

Long-Term Incentive Plan - Awards in 1999

Name	Number of Shares, Units or Other Rights (#) [1]	Performance or Other Period Until Maturation or Payout
R.B. Priory	75,000 50,000	August 2002 – August 2006 August 2002 – August 2006
W.A. Coley	15,000	August 2002 – August 2006
F.J. Fowler	30,000	August 2002 – August 2006
R.J. Osborne	29,000	August 2002 – August 2006

1 Awards are performance awards granted under the Duke Energy 1998 Long-Term Incentive Plan and are represented by units denominated in shares of Duke Energy Common Stock (performance shares). Each performance share represents the right to receive, upon vesting, one share of Duke Energy Common Stock. These awards, with the exception of a 75,000 performance share award to Mr. Priory, fully vest on the seventh anniversary of the date of the award. The awards also vest in the event of the death or disability of the recipient or a change in control of Duke Energy as specified in the Plan. The awards have an accelerated vesting feature allowing one third to vest upon achievement of an increase in total shareholder return averaging 50% or more for twenty consecutive business days; one third to vest upon achievement of an increase in total shareholder return averaging 90% or more for twenty consecutive business days; and one third to vest upon achievement of an increase in total shareholder return averaging 130% or more for twenty consecutive business days, all calculated from a base amount specified in each award and assuming dividends are reinvested. If any of such targets are achieved before the third anniversary of the date of the award, the relevant part of the award will vest on the third anniversary. Vesting under the awards is generally subject to the continued employment of the grantee with Duke Energy to the time of vesting. With respect to Mr. Priory's award of 75,000 performance shares, any unvested performance shares held by Mr. Priory on the seventh anniversary of the date of the award will be forfeited. If Mr. Priory dies or becomes disabled prior to the seventh anniversary of the date of the award, a portion of the unvested performance shares remaining at that time will vest based upon the length of his employment from the date of the award. The performance share awards also grant an equal number of dividend equivalents, which represent the right to receive cash payments equivalent to the cash dividends paid on the number of shares of Duke Energy Common Stock represented by the performance shares awarded, until the related performance shares vest or are forfeited.

Option Grants in 1999

This table shows options granted to the Named Executive Officers during 1999, along with the present value of the options on the date they were granted, calculated as described in footnote 2 in the table. Grants shown in the table with an expiration date of December 20, 2009, were awarded on December 20, 1999, and related to compensation for the year 2000. The grant shown with an expiration date of January 1, 2009, was awarded to H.J. Padewer on January 1, 1999, the effective date of his employment with Duke Energy. R.B. Priory's option grant with respect to year 2000 compensation was awarded on February 23, 2000, and, accordingly, will be reported in the proxy statement for the 2001 annual meeting.

Option/SAR Grants in Last Fiscal Year

	Individual Grants				Grant Date Value
Name	Number of Shares Underlying Options/SARS Granted[1] (#)	% of Total Options/SARS Granted to Employees	Exercise or Base Price ($/SH)	Expiration Date	Grant Date Present Value[2] ($)
H.J. Padewer	250,000	3.2	64.5625	01/01/2009	2,760,000
	96,900	1.2	49.7500	12/20/2009	996,500
W.A. Coley	78,500	1.0	49.7500	12/20/2009	807,200
F.J. Fowler	78,500	1.0	49.7500	12/20/2009	807,200
R.J. Osborne	62,000	0.8	49.7500	12/20/2009	637,600

1 Duke Energy has not granted any SARs to the Named Executive Officers or any other persons.
2 Based on the Black-Scholes option valuation model. The following table lists key input variables used in valuing the options:

Input Variable	250,000 Share Option Grant to H.J. Padewer	All Other Option Grants
Risk-free Interest Rate	5.13%	6.37%
Dividend Yield	3.84%	3.95%
Stock Price Volatility	17.54%	18.91%
Option Term	10 years	10 years

With respect to Mr. Padewer's 250,000 share option grant, the volatility variable reflected weekly historical stock price trading data with respect to Duke Energy Common Stock from June 18, 1997 (the effective date of the merger with PanEnergy Corp) through December 31, 1998. With respect to all other option grants listed in the table, the volatility variable reflected historical monthly stock price trading data from June 18, 1997 through December 31, 1999. An adjustment was made with respect to each valuation for risk of forfeiture during the vesting period. The actual value, if any, that a grantee may realize will depend on the excess of the stock price over the exercise price on the date the option is exercised, so that there is no assurance the value realized will be at or near the value estimated based upon the Black-Scholes model.

Option Exercises and Year-End Values

This table shows aggregate exercises of options during 1999 by the Named Executive Officers, and the aggregate year-end value of the unexercised options held by them. The value assigned to each unexercised "in-the-money" stock option is based on the positive spread between the exercise price of the stock option and the fair market value of Duke Energy Common Stock on December 31, 1999, which was $50.16. The fair market value is the average of the high and low prices of a share of Duke Energy Common Stock on that date as reported on the New York Stock Exchange Composite Transactions Tape. The ultimate value of a stock option will depend on the market value of the underlying shares on a future date.

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values

			Number of Securities Underlying Unexercised Options/SARS at FY-End * (#)	Value of Unexercised In-the-Money Options/SARS at FY-End ($)
Name	Shares Acquired on Exercise (#)	Value Realized ($)	Exercisable/ Unexercisable	Exercisable/ Unexercisable
R.B. Priory	—	—	100,000/400,000	0/0
H.J. Padewer	—	—	0/346,900	0/39,729
W.A. Coley	—	—	40,000/238,500	0/32,185
F.J. Fowler	3,574	145,859	90,730/241,982	1,276,690/53,063
R.J. Osborne	—	—	20,000/142,000	0/25,420

* Duke Energy has not granted any SARs to the Named Executive Officers or any other persons.

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

Duke Energy entered into arrangements with Messrs. Coley, Fowler and Osborne which became effective on August 18, 1999, and with Mr. Priory which became effective on August 19, 1999 (the "Effective Time"), upon expiration of employment agreements with each of these executives. The arrangements consist of severance agreements and change-in-control agreements. The severance agreements and change-in-control agreements remain in effect for a two-year period from the Effective Time or for such longer period as may be mutually agreed upon by the parties (the "Employment Period"). The principal terms and conditions of the severance agreements and change-in-control agreements are described below.

The severance agreements for Messrs. Priory, Coley, Fowler and Osborne provide for severance payments and benefits to the executive in the event of termination of employment other than upon death or disability or for "cause" (as defined in the severance agreements) by Duke Energy as follows: (1) a lump-sum payment equal to two times the sum of the executive's then-current base salary and target bonus, plus a pro rata amount of the executive's target bonus for the year in which the termination occurs; (2) a lump sum payment equal to the present value of the amount Duke Energy would have contributed or credited to the executive's pension and savings accounts during the two years following the termination date; (3) continued medical, dental and basic life insurance coverage for a two-year period following the termination date or retiree medical benefits, if the executive would have become eligible for such benefits within two years following the termination date, from the date of eligibility; and (4) continued vesting of long-term incentive awards, including stock options or restricted stock but excluding performance share awards (as described under "Long-Term Incentive Plan – Awards in 1999" above), held but not vested or exercisable on the termination date, in accordance with their terms for two years following the termination date, with any options or similar rights thereafter remaining exercisable for 90 days, if their term has not expired. If Messrs. Priory, Coley, Fowler and Osborne receive a payment under their severance agreements, no payment will be made under the performance share award. The severance agreements contain restrictive covenants which prohibit Messrs. Priory, Coley, Fowler and Osborne from competing with Duke Energy or soliciting Duke Energy's employees or customers for one year following termination, and from disclosing certain confidential information.

The change-in-control agreements for Messrs. Priory, Coley, Fowler and Osborne provide for payments and benefits to the executive in the event of termination of employment for "good reason" by the executive or other than for "cause" by Duke Energy within a two-year period following a "change-in-control" (each such term as defined in the change-in-control agreements) as follows: (1) a lump-sum payment equal to the sum of the executive's then-current base salary and target bonus, for each year of the three-year period after termination, including a pro rata amount for any partial years in such period, plus a pro rata amount of the executive's target bonus for the year in which the termination occurs; (2) a lump sum payment equal to the present value of the amount Duke Energy would have contributed or credited to the executive's pension and savings accounts during the three years following the termination date; (3) continued medical, dental and basic life insurance coverage for a three-year period following the termination, or retiree medical benefits, if the executive would have become eligible for such benefits within two years following the termination date, from the date of eligibility; and (4) continued vesting of long-term incentive awards, including stock options or restricted stock but excluding performance share awards (as described under "Long-Term Incentive Plan – Awards in 1999" above), held but not vested or exercisable on the termination date, in accordance with their terms for three years following the termination date, with any options or similar rights thereafter remaining exercisable for 90 days, if their term has not expired. If Messrs. Priory, Coley, Fowler and Osborne become eligible for normal retirement at age sixty-five within the three-year period following termination, the three-year period mentioned above will be reduced to the period from the termination date to the eligible executive's normal retirement date. In the event that any of the payments or benefits provided for in the change-in-control agreement would constitute a "parachute payment" (as defined in section 280G(b)(2) of the Internal Revenue Code), Messrs. Priory, Coley, Fowler and Osborne are entitled to receive an additional payment such that, after the payment of all income and excise taxes, they will be in the same after-tax position as if no excise tax under section 4999 of the Internal Revenue Code had been imposed.

Duke Energy entered into an employment agreement with Mr. Padewer, dated January 3, 1999, in connection with his employment as Group President, Energy Services, and a member of the Policy Committee. The term of the employment agreement extended through December 31, 2001, unless earlier terminated. The agreement established an initial annual base salary of $400,000 and an initial target bonus of 70% of annual base salary payable when certain goals were met, with a maximum bonus of 105% of annual base salary. The agreement also provided for an award of 250,000 stock options on January 1, 1999, to vest at a rate of 62,500 options on each of the first four anniversaries of the date of the award. The agreement further provided for the award of 7,500 shares of restricted stock on January 1, 1999, to vest at the rate of 1,875 shares each on January 1, 2000, January 1, 2001, January 1, 2002, and January 1, 2003. It was also agreed that Mr. Padewer would be eligible to participate in the executive benefits plans that are available to other members of the Policy Committee and that Duke Energy would contribute $315,000 to Mr. Padewer's opening balance in the Duke Energy Executive Cash Balance Retirement Plan vesting on the third anniversary of Mr. Padewer's employment or upon disability, death, or termination of employment for reasons other than for cause if any of such events occurred before the third anniversary of his employment. In the event of termination due to death, disability, or by Duke Energy for reasons other than for cause during the term of his employment under the agreement, termination payments in an amount equal to 200% of the total of Mr. Padewer's annual base salary and target bonus in effect at the time of such termination would be made to Mr. Padewer. Mr. Padewer's employment agreement also contained a confidentiality provision.

Mr. Padewer's employment agreement, with the exception of certain terms, was replaced with severance and change-in-control agreements similar to those described above for Messrs. Priory, Coley, Fowler and Osborne, effective January 1, 2000.

Retirement Plan Information

From January 1, 1999, executive officers and other eligible employees of Duke Energy participated in either of two noncontributory, qualified, defined benefit retirement plans: the Retirement Cash Balance Plan and the Retirement Income Plan. The Retirement Income Plan ceased admitting new participants after December 31, 1998, and merged into the Duke Energy Retirement Cash Balance Plan on April 30, 1999. In addition, selected managers are eligible to participate in the Duke Energy Executive Cash Balance Plan, which is a noncontributory, nonqualified, defined benefit retirement plan. A portion of the benefits earned in the Executive Cash Balance Plan is attributable to compensation in excess of the Internal Revenue Service annual compensation limit ($160,000 for 1999) and deferred compensation, as well as reductions caused by maximum benefit limitations that apply to qualified plans from the benefits that would otherwise be provided under the Retirement Cash Balance Plan and the Retirement Income Plan. Effective January 1, 1999, the Retirement Benefit Equalization Plan was established to restore benefit reductions caused by the maximum benefit limitations that apply to qualified plans from benefits that would otherwise be provided under the Retirement Cash Balance Plan and the Retirement Income Plan for eligible employees of Duke Energy who do not participate in the Executive Cash Balance Plan. Benefits under the Retirement Cash Balance Plan, the Retirement Income Plan, the Executive Cash Balance Plan and the Retirement Benefit Equalization Plan are based on eligible pay, generally consisting of base pay, short-term incentives and lump-sum merit increases. The Retirement Cash Balance Plan, the Retirement Income Plan and the Retirement Benefit Equalization Plan exclude deferred compensation, other than deferrals pursuant to Sections 401(k) and 125 of the Internal Revenue Code.

Under a benefit accrual formula that applies in determining benefits under the Retirement Cash Balance Plan on and after January 1, 1997, and under the Retirement Income Plan on and after January 1, 1999, but before May 1, 1999, an eligible employee's plan account receives a pay credit at the end of each month in which the employee remains eligible and receives eligible pay for services. The monthly pay credit is equal to a percentage of the employee's monthly eligible pay. For most eligible employees, the percentage depends on age and completed years of service at the beginning of the year, as shown below:

Age and Service	*Monthly Pay Credit Percentage*
34 or less	4%
35 to 49	5%
50 to 64	6%
65 or more	7%

In addition, the employee receives an additional 4% for any portion of eligible pay above the Social Security taxable wage base ($72,600 for 1999). However, for certain eligible employees, the total percentage is a flat 3% of eligible pay. Employee accounts also receive monthly interest credits on their balances. The rate of the interest credit is adjusted quarterly and equals the yield on 30-year U.S. Treasury Bonds during the third week of the last month of the previous quarter, subject to a minimum rate of 4% per year and a maximum rate of 9% per year.

Prior to application of the new benefit accrual formula, benefits for eligible employees were determined under other formulas. To transition from a prior formula to the new formula, an eligible employee's accrued benefit earned under the prior formula is preserved as a minimum, and the employee's account under the new benefit accrual formula receives an opening balance derived from a variety of factors.

Assuming that the Named Executive Officers continue in their present positions at their present salaries until retirement at age 65, their estimated annual pensions in a single life annuity form under the applicable plans attributable to such salaries would be: R.B. Priory, $821,147; H.J. Padewer, $138,646; W.A. Coley, $381,825; F.J. Fowler, $286,828; R.J. Osborne, $337,285. These estimates are calculated assuming interest credits at an annual rate of 7% and using a future Social Security taxable wage base equal to $72,600.

Other Information

Discretionary Voting Authority

At the date this proxy statement went to press, we did not anticipate that any other matters would be raised at the meeting. If any other matters are properly presented at the annual meeting for consideration, the persons named as proxies will have discretion to vote on those matters according to their best judgment.

Section 16(a) Beneficial Ownership Reporting Compliance

Based solely on information furnished to us and contained in reports filed with the SEC, as well as any written representations that no other reports were required, we believe that during 1999 all SEC filings of our directors and executive officers complied with the requirements of Section 16 of the Securities Exchange Act, except that Sandra P. Meyer, who became an executive officer of Duke Energy in September 1999, failed to timely report a sale of Duke Energy Common Stock through our dividend reinvestment plan in November 1999.

Online Access to Annual Reports and Proxy Statements

Save Duke Energy future postage and printing expense by consenting to view future annual reports and proxy statements online on the Internet.

Most shareholders can elect to view future proxy statements and annual reports over the Internet instead of receiving paper copies in the mail. Those shareholders will be given the opportunity to consent to future Internet delivery when they vote their proxy. For some shareholders, this option is available only if you vote on the Internet.

If you are not given an opportunity to consent to Internet delivery when you vote your proxy, contact the bank, broker or other holder of record through which you hold your shares and inquire about the availability of such an option for you.

If you consent, your account will be so noted and, when Duke Energy's annual report for 2000 and proxy statement for the 2001 annual meeting become available, you will be notified on how to access them on the Internet. Shareholders of record may indicate their consent on this year's proxy card, and will receive a paper proxy card for next year's annual meeting in the mail.

If you elect to receive your Duke Energy materials via the Internet, you can still request paper copies by contacting Investor Relations at (800) 488-3853 or by e-mail at InvestDUK@duke-energy.com.