

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**2007 Earnings Review and 2008 Outlook**  
**February 5, 2008**

**Ongoing Diluted Earnings per Share (“EPS”)**

The materials for Duke Energy Corporation’s (“Duke Energy”) 2007 Earnings Review and 2008 Outlook presentation include a discussion of ongoing diluted EPS for the quarterly and annual periods ended December 31, 2007 and 2006. Ongoing diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations, adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are included below.

**2008 Employee EPS Incentive Target Measure**

The materials for Duke Energy’s 2007 Earnings Review and 2008 Outlook presentation include a reference to the company's 2008 employee EPS incentive target of \$1.27, with incentive payouts occurring if results fall within a range of \$1.20 to \$1.35 per share. The EPS measures used for employee incentive bonuses are based on ongoing diluted EPS. Ongoing diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations, adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project special items for 2008.

## **Ongoing Segment EBIT and Other Net Expenses for 2006 and 2007 and Forecasted Ongoing Segment EBIT and Other Net Expenses for 2008**

The materials for Duke Energy's 2007 Earnings Review and 2008 Outlook presentation include a discussion of ongoing segment EBIT and Other net expenses for the quarterly and annual periods ended December 31, 2007 and 2006 and a discussion of forecasted 2008 ongoing segment EBIT and Other net expenses. In addition, the materials include a reference to management's current expectation that the Midwest gas-fired generation assets (a component of the Commercial Power segment), will reach their break-even point by 2009, on an ongoing EBIT basis. Additionally, during the question and answer session a reference was made to management's current expectation that the Commercial Power, International Energy, and Crescent segments, on a combined basis, will grow ongoing EBIT by an estimated 8-10% CAGR through 2012, from the base of their combined forecasted 2008 ongoing segment EBIT results. Ongoing segment EBIT and Other net expenses are non-GAAP financial measures as they represent reported segment EBIT and Other net expenses adjusted for special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measures for ongoing segment EBIT and Other net expenses are reported segment EBIT and Other net expenses, which represent segment and Other results from continuing operations, including any special items. Due to the forward-looking nature of forecasted ongoing segment EBIT and Other net expenses for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time as management is unable to project special items for future periods. Reconciliations of ongoing segment EBIT and Other net expenses for the quarterly and annual periods ended December 31, 2007 and 2006 to the most directly comparable GAAP measures are included below.

## **Anticipated Ongoing Diluted EPS Growth Rates through 2012**

The materials for Duke Energy's 2007 Earnings Review and 2008 Outlook presentation include a discussion of the expected range of growth of 5-7% in ongoing diluted EPS through 2012 (on a compound annual growth rate ("CAGR") basis). These growth percentages are based on anticipated ongoing diluted EPS amounts for future periods. Ongoing diluted EPS measure is a non-GAAP financial measure as it represents anticipated diluted EPS from continuing operations, adjusted for the impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations which includes the impact of special items. Due to the forward-looking nature of ongoing diluted EPS, and related growth rates, for future periods, information to reconcile such non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast special items for future periods.

**DUKE ENERGY CORPORATION**  
**ONGOING TO REPORTED EARNINGS RECONCILIATION**  
December 2006 Quarter-to-Date  
(Dollars in millions, except per-share amounts)

**Special Items (Note 1)**

	Ongoing Earnings	Settlement Reserves	Adjustment to Impairment of Campeche Investment	Costs to Achieve, Cinergy Merger	Tax Adjustments	Discontinued Operations	Total Adjustments	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>								
U.S. Franchised Electric and Gas	\$ 423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 423
Commercial Power	(19)	-	-	-	-	-	-	(19)
International Energy	80	(100) A	5 A	-	-	-	(95)	(15)
Crescent	17	-	-	-	-	-	-	17
Total reportable segment EBIT	501	(100)	5	-	-	-	(95)	406
Other	(86)	(65) A	-	(31) A	-	-	(96)	(182)
Total reportable segment EBIT and other EBIT	\$ 415	\$ (165)	\$ 5	\$ (31)	\$ -	\$ -	\$ (191)	\$ 224
Interest Expense	(163)	-	-	-	-	-	-	(163)
Interest Income and Other	103	-	-	-	-	-	-	103
Income Taxes from Continuing Operations	(68)	58	-	11	27 B	-	96	28
Discontinued Operations, net of taxes	-	-	-	-	-	195 C	195	195
<b>Net Income</b>	<b>\$ 287</b>	<b>\$ (107)</b>	<b>\$ 5</b>	<b>\$ (20)</b>	<b>\$ 27</b>	<b>\$ 195</b>	<b>\$ 100</b>	<b>\$ 387</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 0.23</b>	<b>\$ (0.08)</b>	<b>\$ -</b>	<b>\$ (0.02)</b>	<b>\$ 0.02</b>	<b>\$ 0.16</b>	<b>\$ 0.08</b>	<b>\$ 0.31</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.23</b>	<b>\$ (0.08)</b>	<b>\$ -</b>	<b>\$ (0.02)</b>	<b>\$ 0.02</b>	<b>\$ 0.16</b>	<b>\$ 0.08</b>	<b>\$ 0.31</b>

Note 1 - Amounts for special items are presented net of any related minority interest.

A - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

B - Primarily the income tax benefit related to a \$28 million pre-tax charge for the impairment of Bolivia investment. The pre-tax impairment charge was reclassified to discontinued operations; however, GAAP requires the income tax benefit to remain in continuing operations.

C - Primarily amounts reclassified to discontinued operations due to the January 2007 spin-off of Spectra Energy. Recorded in (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,256
Diluted	1,265

**DUKE ENERGY CORPORATION**  
**ONGOING TO REPORTED EARNINGS RECONCILIATION**  
December 2006 Year-to-Date  
(Dollars in millions, except per-share amounts)

Special Items (Note 1)

	Ongoing Earnings	Settlement Reserves	Gain on Sale of Interest in Crescent	Impairment of Campeche Investment	Costs to Achieve, Cinergy Merger	Tax Adjustments	Discontinued Operations	Total Adjustments	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>									
U.S. Franchised Electric and Gas	\$ 1,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,811
Commercial Power	47	-	-	-	-	-	-	-	47
International Energy	313	(100) A	-	(50) C	-	-	-	(150)	163
Crescent	286	-	246 B	-	-	-	-	246	532
Total reportable segment EBIT	2,457	(100)	246	(50)	-	-	-	96	2,553
Other	(344)	(65) A	-	-	(128) A	-	-	(193)	(537)
Total reportable segment EBIT and other EBIT	\$ 2,113	\$ (165)	\$ 246	\$ (50)	\$ (128)	\$ -	\$ -	\$ (97)	\$ 2,016
Interest Expense	(632)	-	-	-	-	-	-	-	(632)
Interest Income and Other	146	-	-	-	-	-	-	-	146
Income Taxes from Continuing Operations	(456)	58	(124)	-	45	27 D	-	6	(450)
Discontinued Operations, net of taxes	-	-	-	-	-	-	783 E	783	783
<b>Net Income</b>	<b>\$ 1,171</b>	<b>\$ (107)</b>	<b>\$ 122</b>	<b>\$ (50)</b>	<b>\$ (83)</b>	<b>\$ 27</b>	<b>\$ 783</b>	<b>\$ 692</b>	<b>\$ 1,863</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 1.00</b>	<b>\$ (0.09)</b>	<b>\$ 0.10</b>	<b>\$ (0.04)</b>	<b>\$ (0.07)</b>	<b>\$ 0.02</b>	<b>\$ 0.67</b>	<b>\$ 0.59</b>	<b>\$ 1.59</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.99</b>	<b>\$ (0.09)</b>	<b>\$ 0.10</b>	<b>\$ (0.04)</b>	<b>\$ (0.07)</b>	<b>\$ 0.02</b>	<b>\$ 0.66</b>	<b>\$ 0.58</b>	<b>\$ 1.57</b>

Note 1 - Amounts for special items are presented net of any related minority interest.

A - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

B - Recorded in (Losses) Gains on Sales of Other Assets and Other, net on the Consolidated Statements of Operations.

C - \$33 million recorded in Operation, maintenance and other (Operating Expenses) and \$17 million recorded in Losses on sales and impairments of equity investments (Other Income and Expenses, net) on the Consolidated Statements of Operations.

D - Primarily the income tax benefit related to a \$28 million pre-tax charge for the impairment of Bolivia investment. The pre-tax impairment charge was reclassified to discontinued operations; however, GAAP requires the income tax benefit to remain in continuing operations.

E - Primarily amounts reclassified to discontinued operations due to the January 2007 spin-off of Spectra Energy, net of amount for DENA. Recorded in (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,170
Diluted	1,188

**DUKE ENERGY CORPORATION**  
**ONGOING TO REPORTED EARNINGS RECONCILIATION**  
December 2007 Quarter-to-Date  
(Dollars in millions, except per-share amounts)

	<u>Special Items (Note 1)</u>					
	Ongoing Earnings	Costs to Achieve, Cinergy Merger	Settlement Reserve Adjustment	Discontinued Operations	Total Adjustments	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>						
U.S. Franchised Electric and Gas	\$ 519	\$ -	\$ -	\$ -	\$ -	\$ 519
Commercial Power	38	-	-	-	-	38
International Energy	105	-	-	-	-	105
Crescent	32	-	-	-	-	32
<b>Total reportable segment EBIT</b>	<b>694</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>694</b>
Other	(92)	(16) A	25 A	-	9	(83)
<b>Total reportable segment and Other EBIT</b>	<b>\$ 602</b>	<b>\$ (16)</b>	<b>\$ 25</b>	<b>\$ -</b>	<b>\$ 9</b>	<b>\$ 611</b>
Interest Expense	(186)	-	-	-	-	(186)
Interest Income and Other	49	-	-	-	-	49
Income Taxes from Continuing Operations	(129)	5	(9)	-	(4)	(133)
Discontinued Operations, net of taxes	-	-	-	(70) B	(70)	(70)
<b>Net Income</b>	<b>\$ 336</b>	<b>\$ (11)</b>	<b>\$ 16</b>	<b>\$ (70)</b>	<b>\$ (65)</b>	<b>\$ 271</b>
<b>EARNINGS PER SHARE, BASIC</b>						
	<b>\$ 0.27</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>	<b>\$ (0.06)</b>	<b>\$ (0.06)</b>	<b>\$ 0.21</b>
<b>EARNINGS PER SHARE, DILUTED</b>						
	<b>\$ 0.27</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>	<b>\$ (0.06)</b>	<b>\$ (0.06)</b>	<b>\$ 0.21</b>

Note 1 - Amounts for special items are presented net of any related minority interest.

A - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

B - Recorded in (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,262
Diluted	1,266

**DUKE ENERGY CORPORATION**  
**ONGOING TO REPORTED EARNINGS RECONCILIATION**  
December 2007 Year-to-Date  
(Dollars in millions, except per-share amounts)

**Special Items (Note 1)**

	Ongoing Earnings	Convertible Debt Costs, Gas Spin-off	Costs to Achieve, Cinergy Merger	IT Severance Costs	Settlement Reserve Adjustment	Discontinued Operations	Total Adjustments	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>								
U.S. Franchised Electric and Gas	\$ 2,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,305
Commercial Power	278	-	-	-	-	-	-	278
International Energy	388	-	-	-	-	-	-	388
Crescent	61	-	-	-	-	-	-	61
Total reportable segment EBIT	3,032	-	-	-	-	-	-	3,032
Other	(235)	(21) B	(54) A	(12) A	45 A	-	(42)	(277)
Total reportable segment and Other EBIT	\$ 2,797	\$ (21)	\$ (54)	\$ (12)	\$ 45	\$ -	\$ (42)	\$ 2,755
Interest Expense	(685)	-	-	-	-	-	-	(685)
Interest Income and Other	208	-	-	-	-	-	-	208
Income Taxes from Continuing Operations	(735)	-	19	4	(16)	-	7	(728)
Discontinued Operations, net of taxes	-	-	-	-	-	(22) C	(22)	(22)
<b>Net Income</b>	<b>\$ 1,585</b>	<b>\$ (21)</b>	<b>\$ (35)</b>	<b>\$ (8)</b>	<b>\$ 29</b>	<b>\$ (22)</b>	<b>\$ (57)</b>	<b>\$ 1,528</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 1.26</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ -</b>	<b>\$ 0.02</b>	<b>\$ (0.02)</b>	<b>\$ (0.05)</b>	<b>\$ 1.21</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 1.25</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ -</b>	<b>\$ 0.02</b>	<b>\$ (0.01)</b>	<b>\$ (0.04)</b>	<b>\$ 1.21</b>

Note 1 - Amounts for special items are presented net of any related minority interest.

A - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

B - Recorded in Other income and expenses, net (Other Income and Expenses, net) on the Consolidated Statements of Operations.

C - Recorded in (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,260
Diluted	1,266

**Duke Energy Corporation**  
**Net Cash Balance Reconciliation**  
**As of December 31, 2007**  
**(in millions)**

Cash and Cash Equivalents	\$678
Short-Term Investments	<u>437</u>
Subtotal	1,115
Short-term Commercial Paper Outstanding (a)	<u>(729)</u>
Net Cash Balance (b)	<u><u>\$386</u></u>

- (a) Excludes approximately \$300 million of commercial paper that is classified as long-term debt due to Duke Energy's intent and ability to utilize such obligations as long-term financing.
- (b) The net cash balance presented is a non-GAAP financial measure as it represents the net presentation of cash and cash equivalents, short-term investments, and short-term outstanding commercial paper balances. The most directly comparable GAAP financial measure for net cash is cash and cash equivalents.

**Duke Energy Corporation**  
**2007 Earnings Review and 2008 Outlook**  
**February 5, 2008**  
**Cash Flow Reconciliation Required by SEC Regulation G**  
(\$ in Millions)

	<b>Forecast 2008</b>
<b>Primary Sources:</b>	
Net income (1)	a \$ 1,600
Depreciation & amortization	a 1,800
Total Sources	<u>3,400</u>
<b>Primary Uses:</b>	
Capital and Investment Expenditures	b (5,100)
Dividends	c (1,150)
Other Sources/(Uses), net	a (250)
Total Uses	<u>(6,500)</u>
<b>Net Cash, Cash Equivalents, and Short-term Investments Used and Debt Financings</b>	<u>\$ (3,100)</u>

**Reconciliations to amounts per U.S. GAAP reporting:**

Operating cash flow components from above [summation of (a)]	\$ 3,150
Reconciling items to GAAP operating cash flow (2)	(100)
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 3,050</u>
Investing cash flow components from above [item (b)]	\$ (5,100)
Reconciling items to GAAP investing cash flow (3)	500
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (4,600)</u>
Financing cash flow components from above [item (c)]	\$ (1,150)
Reconciling items to GAAP financing cash flow (4)	2,575
Net cash provided by financing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 1,425</u>

Notes:

- (1) Forecasted net income of \$1,600 million for 2008 is based on Duke Energy's 2008 employee incentive earnings target of \$1.27 per share. The 2008 measure used for employee incentive bonuses is based on ongoing diluted earnings per share (EPS). Ongoing diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast special items for future periods.
- (2) Amount consists primarily of an adjustment for investing cash flow items included in "Other Sources/(Uses), net" (principally the release of restricted funds held on deposit).
- (3) Amount consists primarily of net proceeds from purchases and sales of available-for-sale securities and an adjustment for investing cash flow items included in "Other sources/(uses), net" (principally the release of restricted funds held on deposit).
- (4) Amount consists primarily of net other financing activities including debt issues, debt retirements and changes in amounts of commercial paper outstanding.