



*February 5, 2008*

## FOURTH QUARTER EARNINGS REVIEW AND 2008 OUTLOOK

**Jim Rogers**

Chairman, President and Chief Executive Officer

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Group Executive and Chief Financial Officer

## SAFE HARBOR STATEMENT

Some of the statements in this document concerning future company performance will be forward-looking within the meanings of the securities laws. Actual results may materially differ from those discussed in these forward-looking statements, and you should refer to the additional information contained in Duke Energy's 2006 Form 10-K filed with the SEC and our other SEC filings concerning factors that could cause those results to be different than contemplated in today's discussion.

## REG G DISCLOSURE

In addition, today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures is available on our Investor Relations website at [www.duke-energy.com](http://www.duke-energy.com).

## 2007 EARNINGS SUMMARY

|                         | 4Q07    | 4Q06    | 2007    | 2006    |
|-------------------------|---------|---------|---------|---------|
| Reported Diluted EPS    | \$ 0.21 | \$ 0.31 | \$ 1.21 | \$ 1.57 |
| Special Items           | -       | 0.08    | 0.03    | 0.08    |
| Discontinued Operations | 0.06    | (0.16)  | 0.01    | (0.66)  |
| Ongoing Diluted EPS     | \$ 0.27 | \$ 0.23 | \$1.25  | \$0.99  |

Increase in annual ongoing earnings due to:

- Full year of former Cinergy companies in 2007 compared to nine months in 2006
- Improved results at three largest business units
  - U.S. Franchised Electric & Gas: Favorable weather and increased wholesale volumes
  - Commercial Power: Favorable timing of recovery of fuel and purchased power and improvement of the Midwest gas-fired assets
  - Duke Energy International (DEI): Favorable pricing in Latin America

## 2008 ONGOING EBIT EXPECTATIONS

| <i>(\$ millions)</i>                 |          |
|--------------------------------------|----------|
| U.S. Franchised Electric & Gas       | \$ 2,420 |
| Commercial Power                     | 385      |
| Duke Energy International            | 380      |
| Crescent Resources <sup>1</sup>      | 75       |
| Total Ongoing Segment EBIT           | \$ 3,260 |
| Other (Net Expense)                  | (265)    |
| Total Ongoing Segment EBIT and Other | \$ 2,995 |

### EARNINGS PER SHARE EMPLOYEE INCENTIVE:

- Target of \$1.27, based on ongoing diluted earnings per share
- \$1.20 minimum threshold – \$1.35 maximum

(1) *Proportionate share of equity earnings*

## 2007 HIGHLIGHTS – U.S. FRANCHISED ELECTRIC & GAS

| Reported & Ongoing Segment EBIT |        |        |          |          |
|---------------------------------|--------|--------|----------|----------|
| <i>(\$ millions)</i>            | 4Q07   | 4Q06   | 2007     | 2006     |
| Reported Segment EBIT           | \$ 519 | \$ 423 | \$ 2,305 | \$ 1,811 |
| Special Items                   | -      | -      | -        | -        |
| Ongoing Segment EBIT            | \$ 519 | \$ 423 | \$ 2,305 | \$1,811  |

### FOR THE QUARTER

- Improvement primarily driven by completion of merger-related rate reductions, lower Clean Air amortization, retail rate increase (Midwest), favorable weather and increased wholesale volumes
- Partially offset by increased O&M and \$17 million write-off related to GridSouth development costs
- BPM was approximately \$32 million net of sharing

### FOR THE YEAR

- Benefited from the inclusion of a full year of Cinergy in 2007 compared to nine months in 2006, favorable weather and increased wholesale volumes
- Partially offset by higher O&M costs
- BPM was approximately \$108 million net of sharing

## 2007 HIGHLIGHTS – COMMERCIAL POWER

| Reported & Ongoing Segment EBIT |       |         |        |       |
|---------------------------------|-------|---------|--------|-------|
| <i>(\$ millions)</i>            | 4Q07  | 4Q06    | 2007   | 2006  |
| Reported Segment EBIT           | \$ 38 | \$ (19) | \$ 278 | \$ 47 |
| Special Items                   | -     | -       | -      | -     |
| Ongoing Segment EBIT            | \$ 38 | \$ (19) | \$ 278 | \$ 47 |

### FOR THE QUARTER

- Improved earnings due primarily to a reduction in net purchase accounting charges, favorable timing of fuel and purchased power recovery and net mark-to-market gains
- Partially offset by higher O&M costs
- Midwest gas-fired assets continue improvement

### FOR THE YEAR

- Increase in earnings due primarily to favorable timing of fuel and purchased power recovery, improved mark-to-market results, the inclusion of a full year of Cinergy in '07 compared to nine months in '06 and improved results of Midwest gas-fired assets
  - Midwest gas-fired assets recognized \$14 million EBIT loss for 2007
- Partially offset by higher O&M costs
- Net mark-to-market gains of \$13 million for both the quarter and the year in 2007

## 2007 HIGHLIGHTS – DEI

| Reported & Ongoing Segment EBIT |        |         |        |        |
|---------------------------------|--------|---------|--------|--------|
| <i>(\$ millions)</i>            | 4Q07   | 4Q06    | 2007   | 2006   |
| Reported Segment EBIT           | \$ 105 | \$ (15) | \$ 388 | \$ 163 |
| Special Items                   | -      | 95      | -      | 150    |
| Ongoing Segment EBIT            | \$ 105 | \$ 80   | \$ 388 | \$ 313 |

### FOR THE QUARTER

- Ongoing segment EBIT increased due primarily to higher margins at National Methanol
- Partially offset by less favorable hydrology in Argentina

### FOR THE YEAR

- Increase in ongoing results primarily due to higher margins at National Methanol, improved results in Peru due to higher margins from increased spot prices and improved results in Brazil due to higher average sales prices
- Partially offset by unfavorable hydrology in Argentina

## 2007 HIGHLIGHTS – CRESCENT RESOURCES

| Reported & Ongoing Segment EBIT |       |       |       |        |
|---------------------------------|-------|-------|-------|--------|
| <i>(\$ millions)</i>            | 4Q07  | 4Q06  | 2007  | 2006   |
| Reported Segment EBIT           | \$ 32 | \$ 17 | \$ 61 | \$ 532 |
| Special Items                   | -     | -     | -     | (246)  |
| Ongoing Segment EBIT            | \$ 32 | \$ 17 | \$ 61 | \$ 286 |

### FOR THE QUARTER

- Higher results due largely to increased legacy land sales and a gain on the sale of Piedmont Town Center in Charlotte, N.C.
- Partially offset by impairment losses on certain residential developments

### FOR THE YEAR

- 2007 results reflect Duke's effective 50% ownership; lower earnings also due to lower developed lot and land sales, and impairment losses on certain residential developments

## 2007 HIGHLIGHTS – OTHER

| Reported & Ongoing Net Expense |       |        |        |        |
|--------------------------------|-------|--------|--------|--------|
| <i>(\$ millions)</i>           | 4Q07  | 4Q06   | 2007   | 2006   |
| Reported Net Expense           | \$ 83 | \$ 182 | \$ 277 | \$ 537 |
| Special Items                  | 9     | (96)   | (42)   | (193)  |
| Ongoing Net Expense            | \$ 92 | \$ 86  | \$ 235 | \$ 344 |

### FOR THE QUARTER

- 4Q07 ongoing results were essentially flat compared to 4Q06

### FOR THE YEAR

- Improvements in ongoing amounts due primarily to lower captive insurance and governance costs

## 2007 HIGHLIGHTS – OTHER ITEMS

- Net cash balance of approximately \$400 million as of 12/31/07
  - ~\$1.1 billion of cash, cash equivalents and short-term investments
  - Net of ~\$700 million in short-term commercial paper
- 2007 interest expense was \$685 million compared to \$632 million for 2006
  - Increase primarily due to the inclusion of a full year of interest expense in 2007 associated with debt of the former Cinergy companies compared to only nine months in 2006
- 2007 effective tax rate of 32% compared to 29% in 2006
  - Increase in 2007 was primarily due to prior year favorable tax settlements, tax benefits related to the impairment of the investment in Bolivia, and the reversal of previously recognized taxes related to dividends on foreign operations
- 2007 results for synfuel operations are included in discontinued operations
  - Net income of approximately \$0.02 per share

## 2008 FINANCIAL ASSUMPTIONS

- U.S. FE&G key assumptions
  - Normal weather
  - Includes impact of North Carolina rate order
    - Rate reduction effective 1/1/2008 net of one-year rider for shareholders' portion of merger savings
    - Clean Air amortization ended
- Effective tax rate of 33% in 2008
- Interest expense expected to be approximately \$700 million
- Plan reflects quarterly dividend increase of one cent/share beginning in third quarter 2008

## 2008 CAPITAL EXPENDITURES

*(\$ millions)*

|   |                 |
|---|-----------------|
| <b>U.S. Franchised Electric &amp; Gas</b>       |                 |
| System Growth                                   | \$ 1,725        |
| Environmental                                   | 475             |
| Nuclear Fuel                                    | 250             |
| Maintenance and Other                           | 1,450           |
| <b>Total U.S. Franchised Electric &amp; Gas</b> | <b>3,900</b>    |
| <b>Commercial Businesses</b>                    |                 |
| Wind  | 350             |
| International, primarily expansion              | 350             |
| Environmental <sup>1</sup>                      | 125             |
| Maintenance and Other <sup>1</sup>              | 175             |
| <b>Total Commercial Businesses</b>              | <b>1,000</b>    |
| <b>Corporate and Other</b>                      | <b>200</b>      |
| <b>Total Capital Expenditures</b>               | <b>\$ 5,100</b> |

*(1) Primarily Midwest generation*

## 2008 CASH FLOWS

*(\$ millions)*

### Primary Sources

|                             |                 |
|-----------------------------|-----------------|
| Net income                  | \$ 1,600        |
| Depreciation & amortization | 1,800           |
| <b>Total Sources</b>        | <b>\$ 3,400</b> |

### Primary Uses

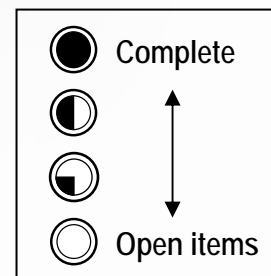
|                                     |                   |
|-------------------------------------|-------------------|
| Capital and investment expenditures | \$ (5,100)        |
| Dividends                           | (1,150)           |
| Other sources/(uses), net           | (250)             |
| <b>Total Uses</b>                   | <b>\$ (6,500)</b> |

|  |                 |
|--|-----------------|
| <b>Net Cash, Short-term Investments Used and Debt Financings</b> | <b>\$ 3,100</b> |
|--|-----------------|

*Note: Illustrative net income based on 2008 employee incentive target of \$1.27 in ongoing diluted earnings per share*

## RESOLVING REGULATORY UNCERTAINTY

| Activity                  | Comments   | Status |
|---------------------------|--|--------|
| N.C. energy legislation   | <ul style="list-style-type: none"> <li>Passed</li> </ul>                                       | ●      |
| S.C. energy legislation   | <ul style="list-style-type: none"> <li>Passed</li> </ul>                                       | ●      |
| N.C. rate case            | <ul style="list-style-type: none"> <li>Settled</li> </ul>                                      | ●      |
| Ohio RSP                  | <ul style="list-style-type: none"> <li>Remand order received</li> </ul>                        | ●      |
| IGCC                      | <ul style="list-style-type: none"> <li>Received CPCN and air permit</li> </ul>                 | ●      |
| Cliffside                 | <ul style="list-style-type: none"> <li>Received CPCN and air permit</li> </ul>                 | ●      |
| Ohio energy legislation   | <ul style="list-style-type: none"> <li>Working to achieve legislation by early 2008</li> </ul> | ◐      |
| N.C. gas-fired generation | <ul style="list-style-type: none"> <li>Filed application for CPCNs</li> </ul>                  | ◑      |
| Nuclear                   | <ul style="list-style-type: none"> <li>COL filed; CPCN application to be filed</li> </ul>      | ◑      |
| Energy Efficiency         | <ul style="list-style-type: none"> <li>Filed in S.C., N.C. and Ind.</li> </ul>                 | ◑      |



# INTERNAL SCORECARD

| Operational  |                |               |               |
|--|----------------|---------------|---------------|
|  | <u>Current</u> | <u>Target</u> | <u>Status</u> |
| <u>Generation</u>  |                |               |               |
| Nuclear Capacity Factor  | 92.36%         | 92.43%        | ●             |
| FE&G Fossil Commercial Availability  | 87.03%         | 86.96%        | ●             |
| <u>Reliability</u>   |                |               |               |
| <u>Power Delivery</u>  |                |               |               |
| System Average Interruption Duration Index (SAIDI) <sup>1</sup>                        | 133            | 160           | ●             |
| System Average Interruption Frequency (SAIFI) <sup>2</sup>                             | 1.13           | 1.30          | ●             |
| <u>Gas Delivery</u>  |                |               |               |
| Gas Frequency/1000 customers = <i>Number of gas outages/1000 customers</i>             | 0.045          | 0.034         | ●             |
| <u>Safety</u>  |                |               |               |
| <i>(Total Incident Case Rate) = # Recordable Incidents x 200,000 / Hours Worked</i>    |                |               |               |
| FE&G Non-Nuclear   | 2.14           | 2.44          | ●             |
| Nuclear  | 0.28           | 0.48          | ●             |
| Customer Satisfaction  |                |               |               |
|  | <u>Current</u> | <u>Target</u> | <u>Status</u> |
| <i>Overall satisfaction = aggregate of residential/business large business surveys</i> | 80.0%          | 76.0%         | ●             |

1. Average number of outage minutes experienced during the year per customer served from both the distribution and transmission systems. Measured in a rolling 12 month average. Goal is industry top quartile.
2. Average number of sustained outages (greater than five minutes in duration) experienced during the year per customer served. Measured in a rolling 12 month average. Goal is industry top quartile.

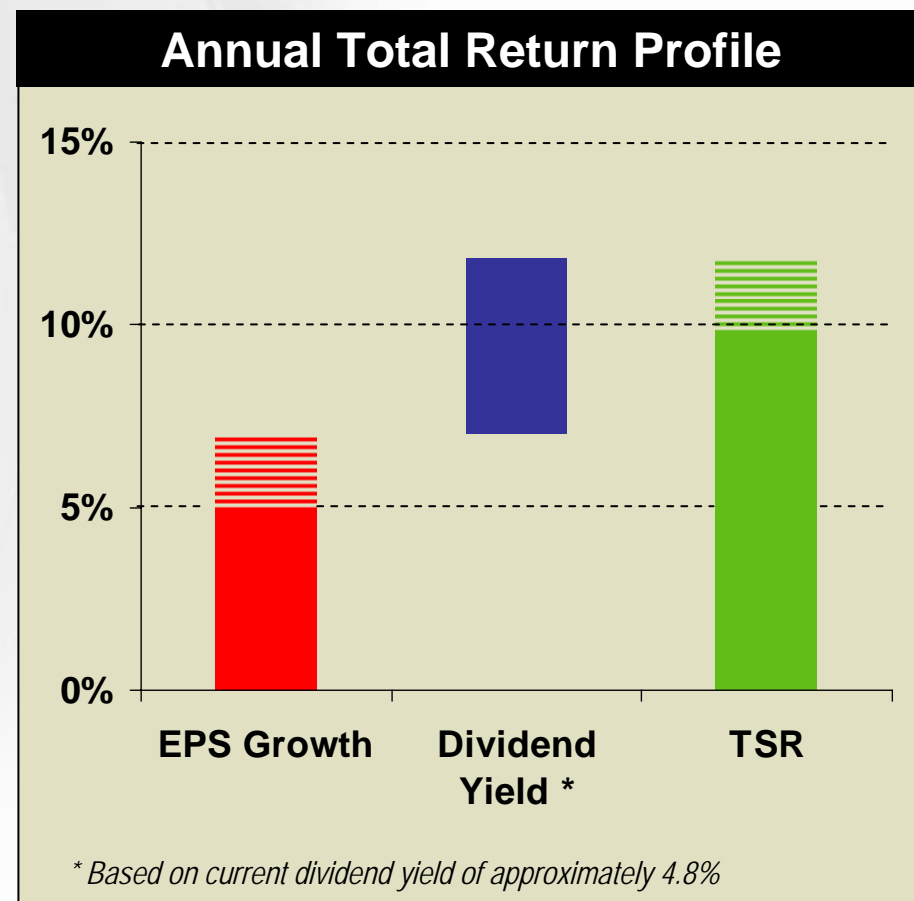
● On Target ● Off Target

## FOCUS FOR 2008

- Asset modernization
- Proactive regulatory and legislative strategy
- Focus on operations and costs

## VALUE PROPOSITION

- Proactive regulatory strategy
- 5% to 7% CAGR in ongoing diluted EPS through 2012
- Annual dividend growth
- No anticipated equity offerings through 2012 excluding internal plans (e.g., dividend reinvestment plan "DRIP")
- Strong balance sheet provides flexibility





## FOURTH QUARTER EARNINGS REVIEW AND 2008 OUTLOOK

**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<br>Earnings           | Costs to<br>Achieve,<br>Cinergy<br>Merger | Settlement<br>Reserve<br>Adjustment | Discontinued<br>Operations | Total<br>Adjustments | Reported<br>Earnings |
| <b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES<br/>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<br/>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.