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# FOURTH QUARTER EARNINGS REVIEW AND BUSINESS UPDATE

February 5, 2009

Jim Rogers  
Chairman, President and Chief  
Executive Officer

David Hauser  
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 2007 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).

# 2008 EARNINGS SUMMARY

	4Q08	4Q07	2008	2007
Reported Diluted EPS	\$ 0.26	\$ 0.19	\$1.07	\$ 1.18
Adjustments	0.06	-	0.20	0.03
Discontinued Operations	-	0.06	(0.01)	0.02
Extraordinary Items	(0.05)	-	(0.05)	-
Adjusted Diluted EPS	\$ 0.27	\$ 0.25	\$ 1.21	\$1.23

- The increase in adjusted diluted earnings for the fourth quarter is primarily due to solid results at the three largest business units and favorable weather, offset by lower volumes due to the recessionary environment
- Annual adjusted diluted earnings decreased primarily due to lower volumes due to the current economic conditions, unfavorable weather as compared to the prior year and the downturn in the real estate market
- The Extraordinary Item resulted from the re-application of regulatory accounting treatment to a portion of the rate riders for generation serving our native-load customers in Ohio

# 2009 ADJUSTED EBIT EXPECTATIONS

<i>(\$ millions)</i>	
U.S. Franchised Electric & Gas	\$2,400
Commercial Power	470
Duke Energy International	370
Total Adjusted Segment EBIT	<u>\$3,240</u>
Other (Net Expense)	<u>(250)</u>
Total Adjusted Segment EBIT and Other	<u>\$2,990</u>

## 2009 EARNINGS PER SHARE EMPLOYEE INCENTIVE:

- Target of \$1.20, based on adjusted diluted earnings per share

# 2008 HIGHLIGHTS - U.S. FRANCHISED ELECTRIC & GAS

Reported & Adjusted Segment EBIT				
(\$ millions)	4Q08	4Q07	2008	2007
Reported Segment EBIT	\$ 532	\$ 519	\$ 2,398	\$ 2,305
Adjustments	-	-	-	-
Adjusted Segment EBIT	\$ 532	\$ 519	\$ 2,398	\$2,305

## FOR THE QUARTER

Adjusted segment EBIT increased primarily due to

- \$39 million increase due to favorable weather
- \$36 million increase due to the deferral of 3<sup>rd</sup> quarter 2008 Midwest storm costs

Partially offset by

- \$45 million decrease in volumes
- \$15 million increase in reserves for uncollectible accounts

## FOR THE YEAR

Adjusted segment EBIT increased primarily due to

- \$115 million increase in rates in Indiana and Ohio
- \$80 million incremental rider due to merger savings in North Carolina
- \$79 million increase in equity AFUDC

Partially offset by

- \$73 million decrease in volumes
- \$49 million decrease due to less favorable weather
- \$37 million increase in operations and maintenance expenses, net of deferred storm costs

# 2008 HIGHLIGHTS - COMMERCIAL POWER

Reported & Adjusted Segment EBIT				
(\$ millions)	4Q08	4Q07	2008	2007
Reported Segment EBIT	(\$ 9)	\$ 38	\$ 264	\$ 278
Adjustments	110	(13)	157	(13)
Adjusted Segment EBIT	\$ 101	\$ 25	\$ 421	\$ 265

## FOR THE QUARTER

Adjusted segment EBIT increased primarily due to

- \$35 million due to favorable timing on recovery of environmental and capacity riders
- \$12 million of gains on sales of emission allowances
- \$11 million from improved results on the Midwest gas assets
- \$10 million of lower net purchase accounting expenses

## FOR THE YEAR

Adjusted segment EBIT increased primarily due to

- \$97 million of lower net purchase accounting expenses
- \$63 million of gains on sales of emission allowances

# 2008 HIGHLIGHTS - DEI

Reported & Adjusted Segment EBIT				
(\$ millions)	4Q08	4Q07	2008	2007
Reported Segment EBIT	\$ 104	\$ 105	\$ 411	\$ 388
Adjustments	-	-	-	-
Adjusted Segment EBIT	\$ 104	\$ 105	\$ 411	\$ 388

## FOR THE QUARTER

Adjusted segment EBIT was relatively flat due to

- Favorable results in Latin America over prior year quarter
- Partially offset by lower results at NMC and unfavorable foreign currency exchange rates

## FOR THE YEAR

Adjusted segment EBIT increased primarily due to

- Favorable margins at NMC
- Favorable foreign currency exchange rates

# 2008 HIGHLIGHTS – OTHER\*

Reported & Adjusted Net Expense				
(\$ millions)	4Q08	4Q07	2008	2007
Reported Net Expense	\$108	\$ 95	\$ 568	\$ 260
Adjustments	(10)	(12)	(258)	(63)
Adjusted Net Expense	\$ 98	\$ 83	\$ 310	\$ 197

## FOR THE QUARTER

Adjusted net expense increased due to

- Unfavorable returns on investments
- The continued downturn in the real estate market at Crescent
- Partially offset by a prior year contribution to the Duke Foundation

## FOR THE YEAR

Adjusted net expense increased due to

- Unfavorable returns on investments
- The continued downturn in the real estate market at Crescent

\* Includes results of Crescent Resources, Duke Energy's real estate joint-venture

# 2008 HIGHLIGHTS – OTHER ITEMS

<i>(\$ millions, unless noted otherwise)</i>	2008 Expectation (from February 2008)	2008 Actual
USFE&G Adjusted EBIT	\$2,420	\$2,398
Commercial Power Adjusted EBIT	\$385	\$421
International Adjusted EBIT	\$380	\$411
Other Adjusted Net Expense <sup>(1)</sup>		
Crescent Adjusted EBIT	\$75	(\$16)
Other Adjusted Net Expense	(\$265)	(\$294)
Interest Expense	\$700	\$741
Capital Expenditures	\$5.1 billion	\$4.9 billion
Equity AFUDC	\$112	\$149
Capitalized Interest, including debt AFUDC	\$106	\$93
Effective tax rate	33%	32.5%

- Total Available Liquidity at December 31, 2008 - approximately \$1.8 billion<sup>(2)</sup>
  - Including \$1.2 billion available capacity in the Master Credit Facility<sup>(3)</sup> at December 31, 2008
  - Approximately \$600 million<sup>(2)</sup> of cash, cash equivalents and short-term investments at December 31, 2008

- (1) – For segment reporting purposes, Crescent is included in Other.  
(2) – Excludes approximately \$400 million of cash, cash equivalents and short-term investments in foreign jurisdictions.  
(3) – \$3.1 billion Master Credit Facility expires in June 2012.

# 2009 FINANCIAL ASSUMPTIONS

- U.S. FE&G Key Assumptions
  - Load growth assumption – relatively flat from 2008 on a weather adjusted basis in both the Carolinas and the Midwest
- Commercial Power Key Assumptions
  - ESP approval by PUCO
- Duke Energy International Key Assumptions
  - Reduction in NMC earnings
- Other Financial Assumptions
  - Effective tax rate expected to be approximately 34%
  - Interest expense of \$800 million
  - Pension contribution of \$500 million
  - AFUDC equity and capitalized interest
    - AFUDC equity of approximately \$160 million
    - AFUDC debt and capitalized interest of approximately \$130 million

# 2009-2013 CAPITAL EXPENDITURES

(\$ millions)

<u>Committed Capital</u>	2009	2010-2013	Cumulative
USFE&G Nuclear fuel	\$ 150	\$ 1,250	\$ 1,400
USFE&G Environmental	200	100	300
CP Environmental	50	125	175
Edwardsport IGCC	725	1,075	1,800
CC / CT Additions - Carolinas	200	1,000	1,200
Cliffside	550	650	1,200
Lee Nuclear	50	125	175
International	250	300	550
Wind	450	200	650
<b>Total Committed Capital</b>	<b>\$ 2,625</b>	<b>\$ 4,825</b>	<b>\$ 7,450</b>
<u>Ongoing Capital</u>			
USFE&G Maintenance and Other	\$ 1,400	\$ 7,200	\$ 8,600
Power Delivery Customer Connections	300	1,575	1,875
CP Maintenance and other	100	575	675
Corporate and Other	175	850	1,025
Other regulated investments and ADC Debt	75	500	575
<b>Total Ongoing Capital</b>	<b>\$ 2,050</b>	<b>\$ 10,700</b>	<b>\$ 12,750</b>
<b>Total Committed and Ongoing Capital</b>	<b>\$ 4,675</b>	<b>\$ 15,525</b>	<b>\$ 20,200</b>
<u>Discretionary Growth Capital</u>			
Wind	\$ -	\$ 2,075	\$ 2,075
Smart Grid <sup>(1)</sup>	25	975	1,000
Biomass	-	250	250
International	50	1,175	1,225
<b>Total Discretionary Growth Capital</b>	<b>\$ 75</b>	<b>\$ 4,475</b>	<b>\$ 4,550</b>
<b>Total Capital Expenditures</b>	<b>\$ 4,750</b>	<b>\$ 20,000</b>	<b>\$ 24,750</b>

(1) Smart Grid approval received in Ohio with ESP resolution.









# 2009 CASH FLOWS

(\$ in Millions)

	<b>2009 Estimate</b>
<b>Primary Sources:</b>	
Net Income	\$ 1,550
Depreciation & Amortization	1,825
Total Sources	<u>\$ 3,375</u>
<b>Primary Uses:</b>	
Capital and Investment Expenditures	(4,750)
Dividends	(1,200)
Other Sources/(Uses), net	825
Total Uses	<u>\$ (5,125)</u>
<b>Uses in Excess of Sources</b>	<b>\$ (1,750)</b>
Debt Maturities	(700)
<b>Required Funding</b>	<b><u>\$ (2,450)</u></b>
Issuances of Long--Term Debt	\$ 1,350
Cash received from internal stock plans	350
Utilization of Cash on hand and commercial paper	750
<b>Financings and Cash Utilization</b>	<b><u>\$ 2,450</u></b>

Note: Illustrative net income based on 2009 employee incentive target of \$1.20 in adjusted diluted earnings per share

# REGULATORY ACHIEVEMENTS

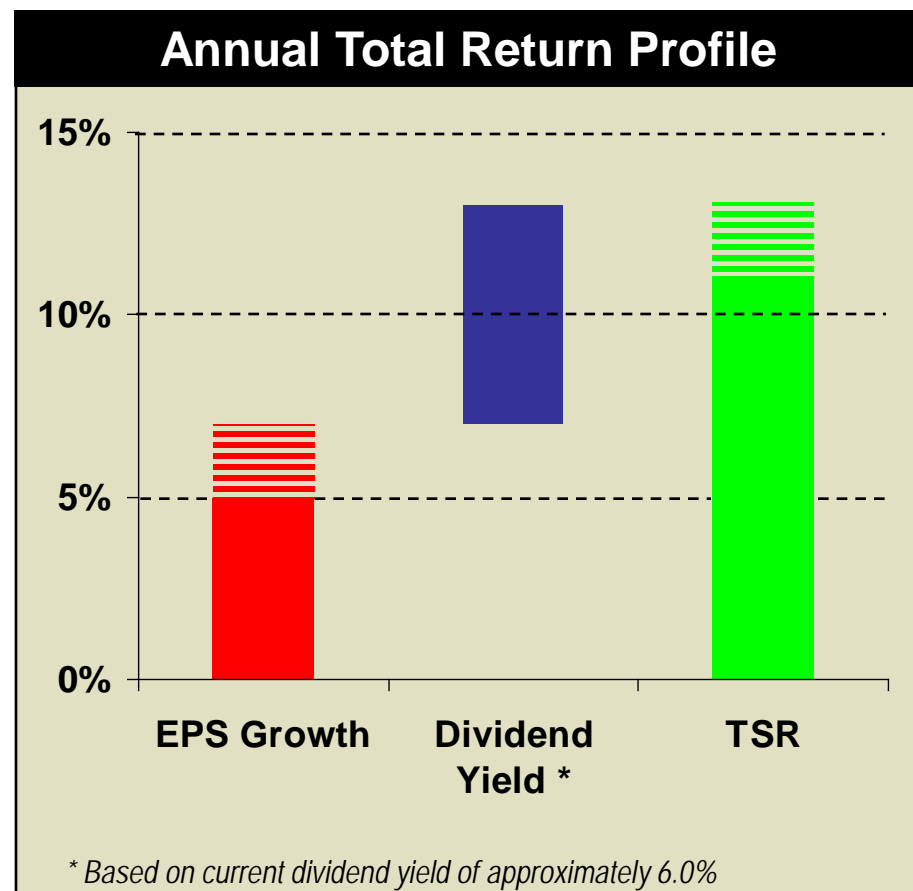
Indiana IGCC cost estimate update and CWIP rider		January 2009
Kentucky Storm cost deferral		January 2009
Ohio Storm cost deferral		January 2009
Ohio ESP case – including Save-a-Watt and Smart Grid		December 2008
Buck and Dan River combined cycle CPCNs		June 2008
Ohio gas rate case		June 2008
Cliffside modernization air permit		January 2008
2007 North Carolina Rate Case		December 2007

# REGULATORY CALENDAR

State	Activity	Docket Number	Status
IN	Save-a-Watt	<ul style="list-style-type: none"> <li>• 43374</li> </ul>	<ul style="list-style-type: none"> <li>• Hearing February – March 2009</li> </ul>
IN	Smart Grid	<ul style="list-style-type: none"> <li>• 43501</li> </ul>	<ul style="list-style-type: none"> <li>• Hearing April 27-29, 2009</li> </ul>
IN	IGCC CWIP rider	<ul style="list-style-type: none"> <li>• 43114</li> </ul>	<ul style="list-style-type: none"> <li>• Resolution anticipated 2<sup>nd</sup> quarter 2009</li> </ul>
OH	Electric Distribution Rate Case	<ul style="list-style-type: none"> <li>• 08-709</li> </ul>	<ul style="list-style-type: none"> <li>• Resolution anticipated mid-2009</li> </ul>
NC	Save-a-Watt	<ul style="list-style-type: none"> <li>• E-7 Sub 831</li> </ul>	<ul style="list-style-type: none"> <li>• Resolution anticipated shortly</li> </ul>
NC	Rate Case	<ul style="list-style-type: none"> <li>• TBD</li> </ul>	<ul style="list-style-type: none"> <li>• Planning to file in mid-2009</li> </ul>
SC	Rate Case	<ul style="list-style-type: none"> <li>• TBD</li> </ul>	<ul style="list-style-type: none"> <li>• Planning to file in mid-2009</li> </ul>
SC	Save-a-Watt	<ul style="list-style-type: none"> <li>• 2007-358-E</li> </ul>	<ul style="list-style-type: none"> <li>• TBD</li> </ul>

# VALUE PROPOSITION

- Proactive regulatory strategy
- Forecast 5% to 7% CAGR in adjusted diluted EPS through 2013
- Annual dividend growth
- Strong balance sheet provides flexibility



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# FOURTH QUARTER EARNINGS REVIEW AND BUSINESS UPDATE

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Fourth Quarter Earnings Review and Business Update**  
**February 5, 2009**

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

The materials for Duke Energy Corporation’s (“Duke Energy”) Fourth Quarter Earnings Review and Business Update presentation on February 5, 2009 include a discussion of adjusted diluted EPS for the quarters and years ended December 31, 2008 and 2007. Adjusted 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 and the mark-to-market impacts of economic hedges in the Commercial Power segment. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting or regulatory accounting, used in Duke Energy’s hedging of a portion of the economic value of certain of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g., coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Reconciliations of adjusted diluted EPS for the quarters and years ended December 31, 2008 and 2007 to the most directly comparable GAAP measures are included below.

**2008 and 2009 Employee EPS Incentive Target Measures**

The materials for Duke Energy’s Fourth Quarter Earnings Review and Business Update presentation on February 5, 2009 include a discussion of Duke Energy’s 2008 employee EPS incentive target of \$1.27, with minimum incentive payouts occurring if results are equal to \$1.20 per share. Additionally, the materials reference the 2009 EPS incentive target of \$1.20 per share. The EPS measure used for employee incentive bonuses is primarily based on adjusted diluted EPS. The materials also reference the forecasted range of growth in adjusted diluted EPS through 2013 (on a compound annual growth rate (“CAGR”) basis) from a base of adjusted diluted EPS for 2008 of \$1.21. Adjusted 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 and the mark-to-market impacts of economic hedges in the Commercial Power segment.

Special items represent certain charges and credits which management believes will not be recurring on a regular basis. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting or regulatory accounting, used in Duke Energy's hedging of a portion of the economic value of certain of its generation assets in the Commercial Power segment (as discussed above under "Adjusted Diluted Earnings per Share ('EPS')"). The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Due to the forward-looking nature of this non-GAAP financial measure for future periods, 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 or mark-to-market adjustments for future periods. Adjusted diluted EPS for the year-ended December 31, 2008 was \$1.21. A reconciliation of adjusted diluted EPS to reported diluted EPS for the year-ended December 31, 2008 is included herein.

### **Adjusted Segment EBIT and Other Net Expenses for 2007 and 2008 and Forecasted Adjusted Segment EBIT and Other Net Expenses for 2009**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update presentation on February 5, 2009 include a discussion of adjusted segment EBIT and Other net expenses for the quarters and years ended December 31, 2008 and 2007 and a discussion of forecasted 2009 adjusted 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 be EBIT positive by 2009, on an adjusted EBIT basis. Additionally, reference is made to Duke Energy's equity method investment in National Methanol Company (a component of the International Energy segment), and its equity method earnings contribution as a percentage on International Energy's segment EBIT, on an adjusted basis. Adjusted segment EBIT and Other net expenses are non-GAAP financial measures as they represent reported segment EBIT and Other net expenses adjusted for the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting or regulatory accounting, used in Duke Energy's hedging of a portion of the economic value of certain of its generation assets in the Commercial Power segment (as discussed above under "Adjusted Diluted Earnings per Share ('EPS')"). The most directly comparable GAAP measures for adjusted 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 and the mark-to-market impacts of economic hedges in the Commercial Power segment. Reconciliations of adjusted segment EBIT and Other net expenses for the quarters and years ended December 31, 2008 and 2007 to the most directly comparable GAAP measures are included below. Due to the forward-looking nature of this non-GAAP financial measure for 2009, 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 or mark-to-market adjustments for future periods.

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

	<u>Special Items (Note 1)</u>						Reported Earnings
	Adjusted Earnings	Costs to Achieve, Cinergy Merger	Settlement Reserve Adjustment	Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>							
U.S. Franchised Electric and Gas	\$ 519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 519
Commercial Power	25	-	-	13 B	-	13	38
International Energy	105	-	-	-	-	-	105
<b>Total reportable segment EBIT</b>	<b>649</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>13</b>	<b>662</b>
Other	(83)	(16) A	4 A	-	-	(12)	(95)
<b>Total reportable segment EBIT and other EBIT</b>	<b>\$ 566</b>	<b>\$ (16)</b>	<b>\$ 4</b>	<b>\$ 13</b>	<b>\$ -</b>	<b>\$ 1</b>	<b>\$ 567</b>
Interest Expense	(186)	-	-	-	-	-	(186)
Interest Income and Other	49	-	-	-	-	-	49
Income Taxes from Continuing Operations	(116)	5	(1)	(5)	-	(1)	(117)
Discontinued Operations, net of taxes	-	-	-	-	(70) C	(70)	(70)
<b>Net Income</b>	<b>\$ 313</b>	<b>\$ (11)</b>	<b>\$ 3</b>	<b>\$ 8</b>	<b>\$ (70)</b>	<b>\$ (70)</b>	<b>\$ 243</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 0.25</b>	<b>\$ (0.01)</b>	<b>\$ -</b>	<b>\$ 0.01</b>	<b>\$ (0.06)</b>	<b>\$ (0.06)</b>	<b>\$ 0.19</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.25</b>	<b>\$ (0.01)</b>	<b>\$ -</b>	<b>\$ 0.01</b>	<b>\$ (0.06)</b>	<b>\$ (0.06)</b>	<b>\$ 0.19</b>

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

A - \$8 million recorded in Operation, maintenance and other and \$4 million recorded in Depreciation and amortization (all Operating Expenses) on the Consolidated Statements of Operations.

B - \$8 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$21 million gain recorded within Fuel used in electric generation and purchased power-non-regulated (Operating Expenses) on the Consolidated Statements of Operations.

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

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,262
Diluted	1,266

\* Represents the mark-to-market impact of derivative contracts, which is recognized in earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g. coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. Management believes that the presentation of adjusted diluted EPS provides useful information to investors, as it allows them to more accurately compare the company's performance across periods.

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

	Special Items (Note 1)							Total Adjustments	Reported Earnings
	Adjusted Earnings	Convertible Debt Costs, Gas Spin-off	Costs to Achieve, Cinergy Merger	IT Severance Costs	Settlement Reserve Adjustment	Economic Hedges (Mark-to-Market) *	Discontinued Operations		
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>									
U.S. Franchised Electric and Gas	\$ 2,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,305
Commercial Power	265	-	-	-	-	13 B	-	13	278
International Energy	388	-	-	-	-	-	-	-	388
<b>Total reportable segment EBIT</b>	<b>2,958</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>13</b>	<b>2,971</b>
Other	(197)	(21) D	(54) A	(12) A	24 A	-	-	(63)	(260)
<b>Total reportable segment EBIT and other EBIT</b>	<b>\$ 2,761</b>	<b>\$ (21)</b>	<b>\$ (54)</b>	<b>\$ (12)</b>	<b>\$ 24</b>	<b>\$ 13</b>	<b>\$ -</b>	<b>\$ (50)</b>	<b>\$ 2,711</b>
Interest Expense	(685)	-	-	-	-	-	-	-	(685)
Interest Income and Other	208	-	-	-	-	-	-	-	208
Income Taxes from Continuing Operations	(721)	-	19	4	(9)	(5)	-	9	(712)
Discontinued Operations, net of taxes	-	-	-	-	-	-	(22) C	(22)	(22)
<b>Net Income</b>	<b>\$ 1,563</b>	<b>\$ (21)</b>	<b>\$ (35)</b>	<b>\$ (8)</b>	<b>\$ 15</b>	<b>\$ 8</b>	<b>\$ (22)</b>	<b>\$ (63)</b>	<b>\$ 1,500</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 1.24</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ -</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ (0.02)</b>	<b>\$ (0.05)</b>	<b>\$ 1.19</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 1.23</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ -</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ (0.02)</b>	<b>\$ (0.05)</b>	<b>\$ 1.18</b>

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

A - \$32 million recorded in Operation, maintenance and other and \$10 million recorded in Depreciation and amortization (all Operating Expenses) on the Consolidated Statements of Operations.

B - \$54 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$67 million gain recorded within Fuel used in electric generation and purchased power-non-regulated (Operating Expenses) on the Consolidated Statements of Operations.

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

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

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,260
Diluted	1,266

\* Represents the mark-to-market impact of derivative contracts, which is recognized in earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g. coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. Management believes that the presentation of adjusted diluted EPS provides useful information to investors, as it allows them to more accurately compare the company's performance across periods.

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
December 2008 Quarter-to-Date  
(Dollars in millions, except per-share amounts)

	<u>Special Items (Note 1)</u>					
	Adjusted Earnings	Costs to Achieve, Cinergy Merger	Economic Hedges (Mark- to-Market) *	Discontinued Operations/ Extraordinary Items	Total Adjustments	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>						
U.S. Franchised Electric and Gas	\$ 532	\$ -	\$ -	\$ -	\$ -	\$ 532
Commercial Power	101	-	(110) B	-	(110)	(9)
International Energy	104	-	-	-	-	104
<b>Total reportable segment EBIT</b>	<b>737</b>	<b>-</b>	<b>(110)</b>	<b>-</b>	<b>(110)</b>	<b>627</b>
Other	(98)	(10) A	-	-	(10)	(108)
<b>Total reportable segment and Other EBIT</b>	<b>\$ 639</b>	<b>\$ (10)</b>	<b>\$ (110)</b>	<b>\$ -</b>	<b>\$ (120)</b>	<b>\$ 519</b>
Interest Expense	(189)	-	-	-	-	(189)
Interest Income and Other	27	-	-	-	-	27
Income Taxes from Continuing Operations	(139)	4	40	-	44	(95)
Discontinued Operations, net of taxes	-	-	-	2 C	2	2
Extraordinary Items, net of taxes	-	-	-	67 D	67	67
<b>Net Income</b>	<b>\$ 338</b>	<b>\$ (6)</b>	<b>\$ (70)</b>	<b>\$ 69</b>	<b>\$ (7)</b>	<b>\$ 331</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 0.27</b>	<b>\$ -</b>	<b>\$ (0.06)</b>	<b>\$ 0.05</b>	<b>\$ (0.01)</b>	<b>\$ 0.26</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.27</b>	<b>\$ -</b>	<b>\$ (0.06)</b>	<b>\$ 0.05</b>	<b>\$ (0.01)</b>	<b>\$ 0.26</b>

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

A - \$5 million recorded in Operation, maintenance and other and \$5 million recorded in Depreciation and amortization (all Operating Expenses) on the Consolidated Statements of Operations.

B - \$34 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$76 million loss recorded within Fuel used in electric generation and purchased power-non-regulated (Operating Expenses) on the Consolidated Statements of Operations.

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

D - Recorded in Extraordinary Items, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,267
Diluted	1,270

\* Represents the mark-to-market impact of derivative contracts in the non-native portfolio, which is recognized in earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g. coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. Management believes that the presentation of adjusted diluted EPS provides useful information to investors, as it allows them to more accurately compare the company's performance across periods.

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
December 2008 Year-to-Date  
(Dollars in millions, except per-share amounts)

	Special Items (Note 1)							Reported Earnings
	Adjusted Earnings	Costs to Achieve, Cinergy Merger	Crescent Project Impairments	Emission Allowances Impairment	Economic Hedges (Mark-to-Market) *	Discontinued Operations/ Extraordinary Items	Total Adjustments	
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>								
U.S. Franchised Electric and Gas	\$ 2,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,398
Commercial Power	421	-	-	(82) F	(75) B	-	(157)	264
International Energy	411	-	-	-	-	-	-	411
<b>Total reportable segment EBIT</b>	<b>3,230</b>	<b>-</b>	<b>-</b>	<b>(82)</b>	<b>(75)</b>	<b>-</b>	<b>(157)</b>	<b>3,073</b>
Other	(310)	(44) A	(214) E	-	-	-	(258)	(568)
<b>Total reportable segment and Other EBIT</b>	<b>\$ 2,920</b>	<b>\$ (44)</b>	<b>\$ (214)</b>	<b>\$ (82)</b>	<b>\$ (75)</b>	<b>\$ -</b>	<b>\$ (415)</b>	<b>\$ 2,505</b>
Interest Expense	(741)	-	-	-	-	-	-	(741)
Interest Income and Other	131	-	-	-	-	-	-	131
Income Taxes from Continuing Operations	(773)	17	83	30	27	-	157	(616)
Discontinued Operations, net of taxes	-	-	-	-	-	16 C	16	16
Extraordinary Items, net of taxes	-	-	-	-	-	67 D	67	67
<b>Net Income</b>	<b>\$ 1,537</b>	<b>\$ (27)</b>	<b>\$ (131)</b>	<b>\$ (52)</b>	<b>\$ (48)</b>	<b>\$ 83</b>	<b>\$ (175)</b>	<b>\$ 1,362</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 1.21</b>	<b>\$ (0.02)</b>	<b>\$ (0.10)</b>	<b>\$ (0.04)</b>	<b>\$ (0.04)</b>	<b>\$ 0.07</b>	<b>\$ (0.13)</b>	<b>\$ 1.08</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 1.21</b>	<b>\$ (0.02)</b>	<b>\$ (0.10)</b>	<b>\$ (0.04)</b>	<b>\$ (0.04)</b>	<b>\$ 0.06</b>	<b>\$ (0.14)</b>	<b>\$ 1.07</b>

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

A - \$21 million recorded in Operation, maintenance and other and \$23 million recorded in Depreciation and amortization (all Operating Expenses) on the Consolidated Statements of Operations.

B - \$72 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$3 million loss recorded within Fuel used in electric generation and purchased power-non-regulated (Operating Expenses) on the Consolidated Statements of Operations.

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

D - Recorded in Extraordinary Items, net of tax on the Consolidated Statements of Operations.

E - Recorded in Equity in earnings (loss) of unconsolidated affiliates on the Consolidated Statements of Operations.

F - Recorded in Impairment charges on the Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,265
Diluted	1,268

\* Represents the mark-to-market impact of derivative contracts in the non-native portfolio, which is recognized in earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging a portion of the economic value of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g. coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. Management believes that the presentation of adjusted diluted EPS provides useful information to investors, as it allows them to more accurately compare the company's performance across periods.

**Available Liquidity Reconciliation**  
**As of December 31, 2008**  
**(In millions)**

Cash and Cash Equivalents	\$986	
Short-Term Investments	<u>51</u>	
Subtotal	1,037	
Less: Amounts Held in Foreign Jurisdictions	<u>(435)</u>	
	\$602	
Plus: Remaining Availability under Master Credit Facility	<u>1,177</u>	
Total Available Liquidity as of December 31, 2008 (a)	<u><u>\$1,779</u></u>	(approximately \$1.8 billion)

- (a) The available liquidity balance presented is a non-GAAP financial measure as it represents the aggregated presentation of cash and cash equivalents and short-term investments (excluding amounts held in foreign jurisdictions), and remaining availability under the master credit facility. The most directly comparable GAAP financial measure for available liquidity is cash and cash equivalents.

**Duke Energy Corporation**  
**Fourth Quarter Earnings Review and Business Update**  
**Cash Flow Reconciliation Required by SEC Regulation G**  
**February 5, 2009**

(\$ in Millions)

	<b>Forecast 2009</b>
<b>Primary Sources:</b>	
Net income (1)	a \$ 1,550
Depreciation & amortization	a 1,825
Total Primary Sources	<u>3,375</u>
<b>Primary Uses:</b>	
Capital and Investment Expenditures	b (4,750)
Dividends	c (1,200)
Other Sources/(Uses), net	b, (4) 825
Total Primary Uses	<u>(5,125)</u>
<b>Net Cash, Cash Equivalents, and Short-term Investments Used and Debt Financings</b>	<u>\$ (1,750)</u>

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

Operating cash flow components from above [summation of (a)]	\$ 3,375
Reconciling items to GAAP operating cash flow (2)	50
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 3,425</u>

Investing cash flow components from above [summation of (b)]	\$ (3,925)
Reconciling items to GAAP investing cash flow (3)	(100)
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (4,025)</u>

Financing cash flow components from above [item (c)]	\$ (1,200)
Reconciling items to GAAP financing cash flow (5)	1,375
Net cash provided by financing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 175</u>

**Notes:**

(1) The net income of \$1,550 million for 2009 is based on Duke Energy's 2009 employee incentive earnings target of \$1.20 per share. The EPS measure used for employee incentive bonuses is primarily based on adjusted diluted EPS. Adjusted 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 and the mark-to-market impacts of economic hedges in the Commercial Power segment. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting or regulatory accounting, used in Duke Energy's hedging of a portion of the economic value of certain of its generation assets in the Commercial Power segment (as discussed separately under "Adjusted Diluted Earnings per Share ('EPS')"). The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. 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 all special items or mark-to-market adjustments for 2009.

(2) Amount consists primarily of an adjustment for operating cash flow items included in the "Other Sources/(Uses), net" which are combined for the GAAP reconciliation in Investing activities (principally deferred income taxes and various changes in working capital offset by contributions to company-sponsored pension plans and equity allowance for funds used during construction).

(3) Amount includes an adjustment for operating cash flow items included in the "Other Sources/(Uses), net" which are combined for the GAAP reconciliation in Investing activities (as described in (2) above), as well as other investing activities.

(4) After reclassification of the approximate net \$50 million of operating cash flow activity, the amount within investing activities from the "Other Sources/(Uses), net" line item primarily reflects proceeds related to plans to pursue monetization of select Midwest gas plants and other investing activities.

(5) Amount consists primarily of net other financing activities including debt issues, debt retirements, changes in amounts of commercial paper outstanding and proceeds from the issuance of common stock under dividend reinvestment plans and other internal plans.