

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**First Quarter Earnings Review and Business Update**  
**May 2, 2008**

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

The materials for Duke Energy Corporation’s (“Duke Energy”) First Quarter Earnings Review and Business Update presentation on May 2, 2008 include a discussion of adjusted diluted EPS for the quarters ended March 31, 2008 and 2007. Additionally, the question and answer session included disclosure of adjusted diluted EPS for the year ended December 31, 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, 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. 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 ended March 31, 2008 and 2007 as well as the year ended December 31, 2007 to the most directly comparable GAAP measures are included below.

**2008 Employee EPS Incentive Target Measure**

The materials for Duke Energy’s First Quarter Earnings Review and Business Update presentation on May 2, 2008 include a reference to Duke Energy’s 2008 employee EPS incentive target of \$1.27. The EPS measure used for employee incentive bonuses is 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, used in Duke Energy’s hedging of a portion of the economic value 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, 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 2008.

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

The materials for Duke Energy's First Quarter Earnings Review and Business Update presentation on May 2, 2008 include a discussion of the expected range of growth of 5-7% in adjusted diluted EPS through 2012 (on a compound annual growth rate ("CAGR") basis). Additionally, the materials include a statement regarding an expected CAGR of around 6% if Duke Energy can earn within 50 basis points of its allowed regulated return on equity on its projected rate base and the Midwest gas assets' results of operations continue to improve. These growth percentages are based on adjusted diluted EPS amounts for future periods. 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, used in Duke Energy's hedging of a portion of the economic value 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 these non-GAAP financial measures, information to reconcile them 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.

The materials for Duke Energy's First Quarter Earnings Review and Business Update presentation on May 2, 2008 reference management's current expectation that the Commercial Power and International Energy segments, on a combined basis (referred to as "Commercial Businesses"), will grow adjusted EBIT by an estimated 8-10% CAGR through 2012, from the base of their 2007 combined adjusted segment EBIT results. These growth percentages are based on Commercial Power and International Energy's combined adjusted segment EBIT amounts for future periods. Adjusted segment EBIT is a non-GAAP financial measure as it represents reported segment EBIT 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, used in Duke Energy's hedging of a portion of the economic value 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 segment EBIT is reported segment EBIT, which represents segment results from continuing operations, including any special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Due to the forward-looking nature of forecasted adjusted segment EBIT for future periods, information to reconcile forward-looking 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 or mark-to-market adjustments for future periods.

## Adjusted Segment EBIT and Other Net Expenses

The materials for Duke Energy's First Quarter Earnings Review and Business Update presentation on May 2, 2008 include the following non-GAAP measures related to segment EBIT and Other net expenses:

- Adjusted segment EBIT and Other net expenses for the quarters ended March 31, 2008 and 2007;
- The previously announced forecast for 2008 adjusted segment EBIT of \$385 million for the Commercial Power segment and \$380 million for the International Energy segment and a statement that combined these forecasted adjusted segment EBIT amounts are expected to represent nearly 25% of Duke Energy's forecasted 2008 adjusted total segment EBIT, which excludes Other net expenses; and,
- 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.

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, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment. 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. Due to the forward-looking nature of forecasted adjusted segment EBIT and Other net expenses for future periods, information to reconcile forward-looking 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 or mark-to-market adjustments for future periods. Reconciliations of adjusted segment EBIT and Other net expenses for the quarters ended March 31, 2008 and 2007 to the most directly comparable GAAP measures are included below.

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

	<u>Special Items (Note 1)</u>						Reported Earnings
	Adjusted Earnings	Convertible Debt Costs, Gas Spin-off	Costs to Achieve, Cinergy Merger	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	\$ 574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 574
Commercial Power	39	-	-	(26) D	-	(26)	13
International Energy	94	-	-	-	-	-	94
Crescent	2	-	-	-	-	-	2
<b>Total reportable segment EBIT</b>	<b>709</b>	<b>-</b>	<b>-</b>	<b>(26)</b>	<b>-</b>	<b>(26)</b>	<b>683</b>
Other	(52)	(21) C	(11) A	-	-	(32)	(84)
<b>Total reportable segment EBIT and other EBIT</b>	<b>\$ 657</b>	<b>\$ (21)</b>	<b>\$ (11)</b>	<b>\$ (26)</b>	<b>\$ -</b>	<b>\$ (58)</b>	<b>\$ 599</b>
Interest Expense	(163)	-	-	-	-	-	(163)
Interest Income and Other	40	-	-	-	-	-	40
Income Taxes from Continuing Operations	(152)	-	4	9	-	13	(139)
Discontinued Operations, net of taxes	-	-	-	-	20 B	20	20
<b>Net Income</b>	<b>\$ 382</b>	<b>\$ (21)</b>	<b>\$ (7)</b>	<b>\$ (17)</b>	<b>\$ 20</b>	<b>\$ (25)</b>	<b>\$ 357</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 0.30</b>	<b>\$ (0.02)</b>	<b>\$ -</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>	<b>\$ (0.02)</b>	<b>\$ 0.28</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.30</b>	<b>\$ (0.02)</b>	<b>\$ -</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>	<b>\$ (0.02)</b>	<b>\$ 0.28</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 Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

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

D - \$44 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$18 million gain recorded within Fuel used in electric generation and purchased power (Operating Expenses) on the Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,257
Diluted	1,268

\* 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**  
**March 2008 Year-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	Total Adjustments	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>						
U.S. Franchised Electric and Gas	\$ 637	\$ -	\$ -	\$ -	\$ -	\$ 637
Commercial Power	99	-	47 B	-	47	146
International Energy	114	-	-	-	-	114
Crescent	2	-	-	-	-	2
<b>Total reportable segment EBIT</b>	<b>852</b>	<b>-</b>	<b>47</b>	<b>-</b>	<b>47</b>	<b>899</b>
Other	(67)	(11) A	-	-	(11)	(78)
<b>Total reportable segment and Other EBIT</b>	<b>\$ 785</b>	<b>\$ (11)</b>	<b>\$ 47</b>	<b>\$ -</b>	<b>\$ 36</b>	<b>\$ 821</b>
Interest Expense	(182)	-	-	-	-	(182)
Interest Income and Other	46	-	-	-	-	46
Income Taxes from Continuing Operations	(209)	4	(17)	-	(13)	(222)
Discontinued Operations, net of taxes	-	-	-	2 C	2	2
<b>Net Income</b>	<b>\$ 440</b>	<b>\$ (7)</b>	<b>\$ 30</b>	<b>\$ 2</b>	<b>\$ 25</b>	<b>\$ 465</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 0.35</b>	<b>\$ (0.01)</b>	<b>\$ 0.03</b>	<b>\$ -</b>	<b>\$ 0.02</b>	<b>\$ 0.37</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.35</b>	<b>\$ (0.01)</b>	<b>\$ 0.03</b>	<b>\$ -</b>	<b>\$ 0.02</b>	<b>\$ 0.37</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 - \$7 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$54 million gain recorded within Fuel used in electric generation and purchased power (Operating Expenses) on the Consolidated Statements of Operations.

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

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,263
Diluted	1,267

\* 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)								
	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	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	265	-	-	-	-	13 C	-	13	278
International Energy	388	-	-	-	-	-	-	-	388
Crescent	38	-	-	-	-	-	-	-	38
<b>Total reportable segment EBIT</b>	<b>2,996</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>13</b>	<b>3,009</b>
Other	(235)	(21) B	(54) A	(12) A	24 A	-	-	(63)	(298)
<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) D	(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 - 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 - \$52 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$65 million gain recorded within Fuel used in electric generation and purchased power (Operating Expenses) on the Consolidated Statements of Operations.

D - Recorded in Income from Discontinued Operations, net of tax 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.