

Duke Energy Corporation
Non-GAAP Reconciliations
Second Quarter Earnings Review and Business Update
August 5, 2008

Adjusted Diluted Earnings per Share (“EPS”)

The materials for Duke Energy Corporation’s (“Duke Energy”) Second Quarter Earnings Review and Business Update presentation on August 5, 2008 include a discussion of adjusted diluted EPS for the quarters ended June 30, 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, 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 and year-to-date periods ended June 30, 2008 and 2007 to the most directly comparable GAAP measures are included below.

2008 Employee EPS Incentive Target Measure

The materials for Duke Energy’s Second Quarter Earnings Review and Business Update presentation on August 5, 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 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, 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 the remainder of 2008.

Anticipated Adjusted Diluted EPS Growth Rates through 2012

The materials for Duke Energy's Second Quarter Earnings Review and Business Update presentation on August 5, 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). 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.

Adjusted Segment EBIT and Other Net Expenses

The materials for Duke Energy's Second Quarter Earnings Review and Business Update presentation on August 5, 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 June 30, 2008 and 2007;
- A statement that the Midwest gas-fired generation assets (a component of the Commercial Power segment) had adjusted EBIT losses of approximately \$1 million. Including \$4 million of mark-to-market adjustments, as defined below, these assets contributed EBIT of approximately \$3 million to Commercial Power's reported segment EBIT.
- Management's current expectation that the Midwest gas-fired generation assets 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 (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. 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 and year-to-date periods ended June 30, 2008 and 2007 to the most directly comparable GAAP measures are included below.

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

	Special Items (Note 1)						Reported Earnings
	Adjusted Earnings	Costs to Achieve, Cinergy Merger	IT Severance Costs	Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS							
U.S. Franchised Electric and Gas	\$ 452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 452
Commercial Power	42	-	-	22 B	-	22	64
International Energy	97	-	-	-	-	-	97
Crescent	17	-	-	-	-	-	17
Total reportable segment EBIT	608	-	-	22	-	22	630
Other	(42)	(12) A	(12) A	-	-	(24)	(66)
Total reportable segment EBIT and other EBIT	\$ 566	\$ (12)	\$ (12)	\$ 22	\$ -	\$ (2)	\$ 564
Interest Expense	(159)	-	-	-	-	-	(159)
Interest Income and Other	46	-	-	-	-	-	46
Income Taxes from Continuing Operations	(152)	4	4	(8)	-	-	(152)
Discontinued Operations, net of taxes	-	-	-	-	(6) C	(6)	(6)
Net Income	\$ 301	\$ (8)	\$ (8)	\$ 14	\$ (6)	\$ (8)	\$ 293
EARNINGS PER SHARE, BASIC							
	\$ 0.24	\$ -	\$ (0.01)	\$ 0.01	\$ (0.01)	\$ (0.01)	\$ 0.23
EARNINGS PER SHARE, DILUTED							
	\$ 0.24	\$ -	\$ (0.01)	\$ 0.01	\$ (0.01)	\$ (0.01)	\$ 0.23

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 - \$5 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$27 million gain recorded within Fuel used in electric generation and purchased power (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	1,260
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
June 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	Economic Hedges (Mark-to- Market) *	Discontinued Operations		
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS								
U.S. Franchised Electric and Gas	\$ 1,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,026
Commercial Power	81	-	-	-	(4) B	-	(4)	77
International Energy	191	-	-	-	-	-	-	191
Crescent	19	-	-	-	-	-	-	19
Total reportable segment EBIT	1,317	-	-	-	(4)	-	(4)	1,313
Other	(94)	(21) D	(23) A	(12) A	-	-	(56)	(150)
Total reportable segment EBIT and other EBIT	\$ 1,223	\$ (21)	\$ (23)	\$ (12)	\$ (4)	\$ -	\$ (60)	\$ 1,163
Interest Expense	(322)	-	-	-	-	-	-	(322)
Interest Income and Other	86	-	-	-	-	-	-	86
Income Taxes from Continuing Operations	(305)	-	8	4	2	-	14	(291)
Discontinued Operations, net of taxes	-	-	-	-	-	14 C	14	14
Net Income	\$ 682	\$ (21)	\$ (15)	\$ (8)	\$ (2)	\$ 14	\$ (32)	\$ 650
EARNINGS PER SHARE, BASIC								
	\$ 0.55	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ -	\$ 0.01	\$ (0.03)	\$ 0.52
EARNINGS PER SHARE, DILUTED								
	\$ 0.54	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ -	\$ 0.01	\$ (0.03)	\$ 0.51

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 - \$49 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$45 million gain recorded within Fuel used in electric generation and purchased power (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	1,259
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
June 2008 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	Crescent Project Impairments	Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS							
U.S. Franchised Electric and Gas	\$ 503	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 503
Commercial Power	128	-	-	107 B	-	107	235
International Energy	116	-	-	-	-	-	116
Crescent	(8)	-	(100) D	-	-	(100)	(108)
Total reportable segment EBIT	739	-	(100)	107	-	7	746
Other	(69)	(12) A	-	-	-	(12)	(81)
Total reportable segment and Other EBIT	\$ 670	\$ (12)	\$ (100)	\$ 107	\$ -	\$ (5)	\$ 665
Interest Expense	(194)	-	-	-	-	-	(194)
Interest Income and Other	34	-	-	-	-	-	34
Income Taxes from Continuing Operations	(173)	5	39	(38)	-	6	(167)
Discontinued Operations, net of taxes	-	-	-	-	13 C	13	13
Net Income	\$ 337	\$ (7)	\$ (61)	\$ 69	\$ 13	\$ 14	\$ 351
EARNINGS PER SHARE, BASIC	\$ 0.27	\$ -	\$ (0.05)	\$ 0.05	\$ 0.01	\$ 0.01	\$ 0.28
EARNINGS PER SHARE, DILUTED	\$ 0.27	\$ -	\$ (0.05)	\$ 0.05	\$ 0.01	\$ 0.01	\$ 0.28

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

A - \$6 million recorded in Operation, maintenance and other and \$6 million recorded in Depreciation and amortization (all Operating Expenses) on the Consolidated Statements of Operations.

B - \$20 million gain recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$87 million gain recorded within Fuel used in electric generation and purchased power (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 Equity in (loss) earnings of unconsolidated affiliates on the Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,264
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
June 2008 Year-to-Date
(Dollars in millions, except per-share amounts)

	<u>Special Items (Note 1)</u>						Reported Earnings
	Adjusted Earnings	Costs to Achieve, Cinergy Merger	Crescent Project Impairments	Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS							
U.S. Franchised Electric and Gas	\$ 1,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,140
Commercial Power	227	-	-	154 B	-	154	381
International Energy	230	-	-	-	-	-	230
Crescent	(6)	-	(100) D	-	-	(100)	(106)
Total reportable segment EBIT	1,591	-	(100)	154	-	54	1,645
Other	(136)	(23) A	-	-	-	(23)	(159)
Total reportable segment and Other EBIT	\$ 1,455	\$ (23)	\$ (100)	\$ 154	\$ -	\$ 31	\$ 1,486
Interest Expense	(376)	-	-	-	-	-	(376)
Interest Income and Other	80	-	-	-	-	-	80
Income Taxes from Continuing Operations	(382)	9	39	(55)	-	(7)	(389)
Discontinued Operations, net of taxes	-	-	-	-	15 C	15	15
Net Income	\$ 777	\$ (14)	\$ (61)	\$ 99	\$ 15	\$ 39	\$ 816
EARNINGS PER SHARE, BASIC	\$ 0.61	\$ (0.01)	\$ (0.05)	\$ 0.08	\$ 0.02	\$ 0.04	\$ 0.65
EARNINGS PER SHARE, DILUTED	\$ 0.61	\$ (0.01)	\$ (0.05)	\$ 0.08	\$ 0.01	\$ 0.03	\$ 0.64

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

A - \$12 million recorded in Operation, maintenance and other and \$11 million recorded in Depreciation and amortization (all Operating Expenses) on the Consolidated Statements of Operations.

B - \$9 million gain recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$145 million gain recorded within Fuel used in electric generation and purchased power (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 Equity in (loss) earnings of unconsolidated affiliates on the Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,264
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.

Net Cash Balance Reconciliation
As of June 30, 2008
(In millions)

Cash and Cash Equivalents	\$717	
Short-Term Investments	<u>460</u>	
Subtotal	1,177	
Short-term Commercial Paper Outstanding (a)	<u>(405)</u>	
Net Cash Balance (b)	<u><u>\$772</u></u>	(approximately \$800 million)

- (a) Excludes approximately \$450 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.