



AUGUST 5, 2008

SECOND QUARTER EARNINGS REVIEW AND BUSINESS UPDATE

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.

2Q 2008 EARNINGS SUMMARY

	2Q08	2Q07
Reported Diluted EPS	\$ 0.28	\$ 0.23
Adjustments to Reported:		
Add Back Crescent Project Impairments	0.05	-
Deduct Mark-to-Market Impact of Economic Hedges	(0.05)	(0.01)
Other Adjustments	-	0.01
Discontinued Operations	(0.01)	0.01
Adjusted Diluted EPS	\$ 0.27	\$ 0.24

- Increase in adjusted diluted EPS due to improved results at three largest business segments
 - U.S. Franchised Electric & Gas
 - Commercial Power
 - Duke Energy International (DEI)
- Partially offset by
 - Increased interest expense
 - Lower results at Crescent Resources
- Current year adjustments to reported earnings include
 - Real estate project impairments at Crescent Resources
 - Mark-to-market impact of economic hedges at Commercial Power
 - Costs-to-achieve Cinergy merger

U.S. FRANCHISED ELECTRIC & GAS

Reported & Adjusted Segment EBIT		
(\$ millions)	2Q08	2Q07
Reported Segment EBIT	\$ 503	\$ 452
Adjustments	-	-
Adjusted Segment EBIT	\$ 503	\$ 452

HIGHLIGHTS

- Adjusted segment EBIT increased primarily due to
 - Conclusion of N.C. clean air amortization - \$56 million impact
 - \$37 million increase in rates in Indiana and Ohio
 - Substantial completion of rate credits related to Cinergy merger - \$35 million impact
 - \$26 million increase in equity AFUDC
 - Includes \$18 million favorable regulatory ruling in Indiana

- Partially offset by
 - \$39 million reduction in N.C. retail rates resulting largely from the 2007 rate review
 - \$35 million increase in O&M
 - \$26 million increase in depreciation expense

COMMERCIAL POWER

Reported & Adjusted Segment EBIT		
<i>(\$ millions)</i>	2Q08	2Q07
Reported Segment EBIT	\$ 235	\$ 64
Adjustments	(107)	(22)
Adjusted Segment EBIT	\$ 128	\$ 42

HIGHLIGHTS

- Adjusted segment EBIT increased primarily due to
 - \$36 million increase in gains on the sale of emission allowances
 - Lower purchase accounting expenses of \$19 million
 - \$15 million improved RSP rider collections
 - Increased coal generation due to fewer plant outages
 - Lower O&M costs
- Partially offset by milder weather
- Adjustments relate to mark-to-market impact of economic hedges

DEI

Reported & Adjusted Segment EBIT		
<i>(\$ millions)</i>	2Q08	2Q07
Reported Segment EBIT	\$ 116	\$ 97
Adjustments	-	-
Adjusted Segment EBIT	\$ 116	\$ 97

HIGHLIGHTS

- Adjusted segment EBIT increased primarily due to
 - Improved results at National Methanol of \$14 million
 - \$9 million favorable FX variance
- Results in Latin America were relatively flat compared to prior year's quarter

CRESCENT

Reported & Adjusted Segment EBIT		
<i>(\$ millions)</i>	2Q08	2Q07
Reported Segment EBIT	\$ (108)	\$ 17
Adjustments	100	-
Adjusted Segment EBIT	\$ (8)	\$ 17

- 2Q08 adjusted segment results declined primarily due to reduced Commercial and Residential sales and impairments of joint venture projects
- Adjustments reflect project impairments resulting from modification of Crescent's business strategy
- As of June 30, 2008, Duke Energy's investment in Crescent was approximately \$125 million

OTHER

Reported & Adjusted Net Expense		
<i>(\$ millions)</i>	2Q08	2Q07
Reported Net Expense	\$ 81	\$ 66
Adjustments	(12)	(24)
Adjusted Net Expense	\$ 69	\$ 42

- Increase in adjusted net expense due to several items including higher captive insurance losses and increased benefits costs
- Adjustments include costs-to-achieve Cinergy merger; prior year also includes IT severance costs

OTHER ITEMS

- Net cash balance of approximately \$800 million as of June 30, 2008
 - \$1.2 billion of cash, cash equivalents and short-term investments
 - Net of approximately \$400 million in short-term commercial paper

- \$2.4 billion in debt issued year-to-date
 - \$1.9 billion at Duke Energy Carolinas
 - \$500 million at Duke Energy Corp.

- 2Q08 interest expense was \$194 million compared to \$159 million for 2Q07

- \$18 million in capitalized interest (including AFUDC debt) for the quarter compared to \$19 million for 2Q07

- 2Q08 effective tax rate of 33% compared to 34% during 2Q07

MODERNIZATION PROJECTS

Carolin	Fleet Modernization	Cliffside	<ul style="list-style-type: none"> Construction underway On target for 2012 completion
		N.C. gas-fired plants	<ul style="list-style-type: none"> Received approval from NCUC to build two 620 MW gas-fired CC plants Air permits expected in 3Q08 2010 and 2011 in-service dates
		Lee Nuclear	<ul style="list-style-type: none"> Continue to advance plans CPCN expected in 4Q08
		Rooftop solar	<ul style="list-style-type: none"> Filed application in N.C. to invest \$100 million for up to 850 rooftop solar sites Will help satisfy N.C. REPS Hearings scheduled for October 2008
Indiana	Fleet Modernization	Edwardsport IGCC	<ul style="list-style-type: none"> Awaiting IURC approval based on revised cost estimate of \$2.35 billion 2012 in-service date
	Grid Modernization	Smart Grid	<ul style="list-style-type: none"> Filed proposal with IURC Five-year initiative to add more than 800,000 smart meters Hearings in 1Q09 Expect to file similar proposals in other jurisdictions

REGULATORY UPDATE

Save A Watt

- Pursuing in each of our five states
- Filings made in N.C., S.C., Indiana and Ohio
- Hearings have been held in N.C. and S.C.
- Indiana hearings scheduled for Fall 2008

Ohio Gas Rate Case

- Approved by PUCO
- \$18 million (3%) increase in rates
- Continued recovery of AMRP
- Rates effective 2Q08

Ohio T&D Rate Filing

- Requested \$86 million (~5%) increase
- Anticipate order in 2Q09
- New rates to be effective mid-2009

OHIO ELECTRIC SECURITY PLAN (ESP)

- Filed ESP on July 31, 2008
 - Term of plan: 2009-2011
 - Rates effective 1/1/2009
 - ~6% initial increase in total annual electric revenues
 - Increased rates for higher generation costs
 - Provide compensation for dedication of generation assets
- Continues existing riders as well as proposes new riders
- Encourages renewable energy and energy efficiency

ENVIRONMENTAL UPDATE

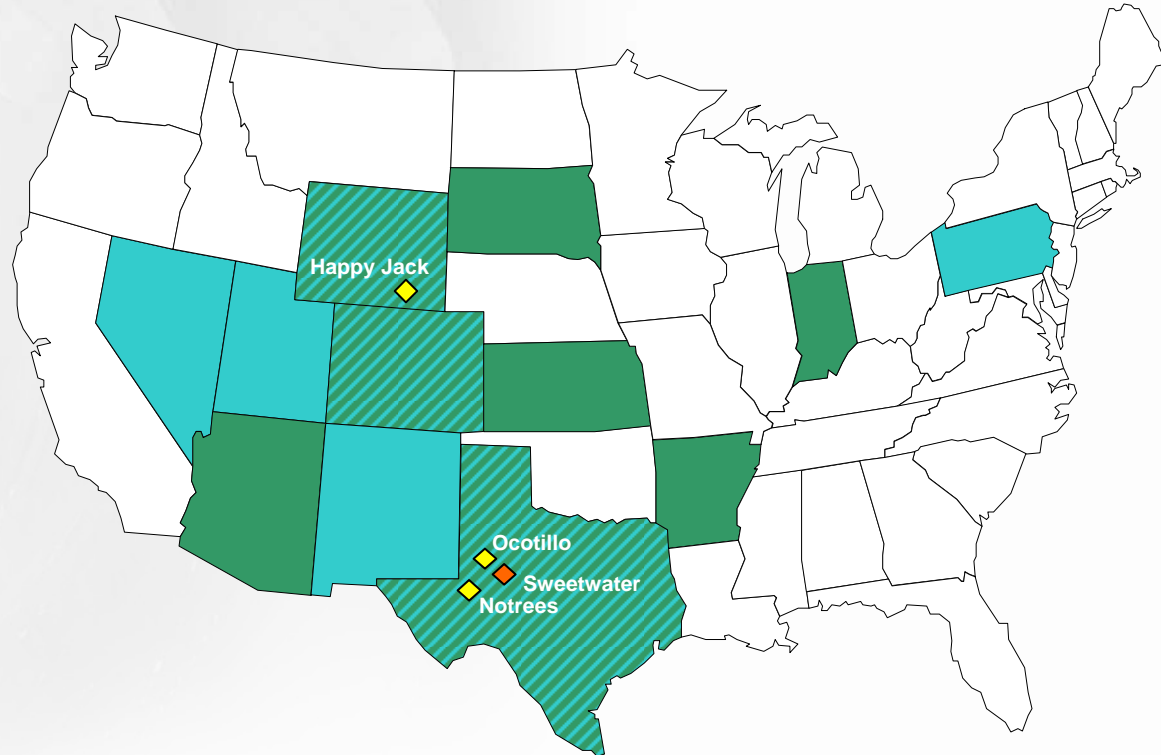
- Cliffsides
 - Environmental groups are seeking to halt construction
 - Duke has secured all necessary approvals and permits
 - N.C. Department of Environment and Natural Resources already issued valid air permit
 - Additionally, Duke voluntarily performed Maximum Achievable Control Technology (MACT) assessment
 - Construction is ongoing and no delays are anticipated

- Clean Air Interstate Rule (CAIR)
 - Although a petitioner, Duke did **not** seek to overturn CAIR
 - Duke's grounds for appeal were narrow and not the basis for the Court's ruling
 - No anticipated change in environmental capital expenditure program

COMMERCIAL BUSINESS UPDATE

■ Wind generation

- Over 500 MW in operation by 2009
 - 240 MW currently under construction
 - 283 net MW acquired with Catamount Energy transaction
 - Expect to close 4Q08
- Over 5,000 MW development pipeline (including Catamount)



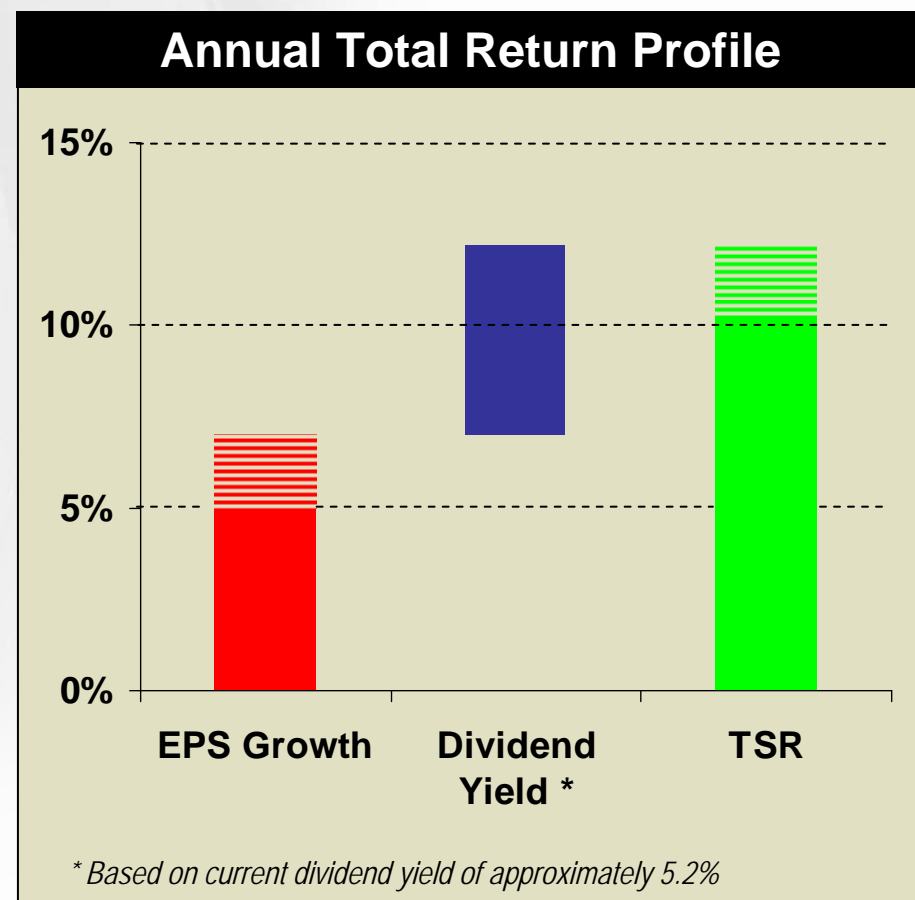
<u>Project</u>	<u>Net MW</u>	<u>In Service Date</u>
Ocotillo	59	2H 2008
Happy Jack	29	2H 2008
Notrees 1	91	2H 2008
Notrees 2	60	2H 2009
Sweetwater Phase 1-5*	283	In operation

- ◆ Wind projects currently under construction
- ◆ Catamount Energy wind assets in operation
- Location of existing wind development pipeline
- Catamount Energy wind development pipeline
- Location of both Duke and Catamount development pipeline

*Subject to closing acquisition of Catamount Energy

VALUE PROPOSITION

- Proactive regulatory strategy
- Forecast 5% to 7% CAGR in adjusted diluted EPS through 2012
- Annual dividend growth
- Strong balance sheet provides flexibility





SECOND QUARTER EARNINGS REVIEW AND BUSINESS UPDATE

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)

	<u>Special Items (Note 1)</u>						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	<u>739</u>	<u>-</u>	<u>(100)</u>	<u>107</u>	<u>-</u>	<u>7</u>	<u>746</u>
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.

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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

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Diluted	1,267

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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.