

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Third Quarter 2007 Earnings Review**  
**November 2, 2007**

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

The materials for Duke Energy Corporation’s (“Duke Energy”) Third Quarter 2007 Earnings Review include a discussion of ongoing diluted EPS for the three and nine month periods ended September 30, 2007 and 2006. Also, the question and answer session of the earnings conference call included a reference to ongoing diluted EPS for the three and twelve month periods ended December 31, 2006. Ongoing diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations, adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations which includes the impact of special items. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are included below.

**2007 Employee EPS Incentive Target Measure**

The materials for Duke Energy’s Third Quarter 2007 Earnings Review include a discussion of management’s current expectation that Duke Energy will achieve full year 2007 ongoing diluted EPS well above the company’s 2007 annual employee EPS incentive target of \$1.15. The EPS measure used for employee incentive bonuses is based on ongoing diluted EPS. Ongoing diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations, adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast special items for future periods.

**Anticipated Ongoing Diluted EPS Growth Rates through 2012**

The materials for Duke Energy’s Third Quarter 2007 Earnings Review include a discussion of the expected range of growth of 5-7% in ongoing diluted EPS through 2012 (on a compound annual growth rate (“CAGR”) basis) from a 2007 base equal to the company’s 2007 employee EPS incentive target of \$1.15. The EPS measure used for employee incentive bonuses is based on ongoing diluted EPS. These growth percentages are based on anticipated ongoing diluted EPS amounts for future periods. This ongoing diluted EPS measure is a non-GAAP financial measure as it represents anticipated diluted EPS from continuing operations, adjusted for the impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations which includes the impact of special items. Due to the forward-looking nature of ongoing diluted EPS, and related

growth rates, for future periods, information to reconcile such non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast any special items for future periods.

### **Ongoing Segment EBIT and Other Expenses, Net**

The materials for Duke Energy's Third Quarter 2007 Earnings Review include a discussion of ongoing segment EBIT and ongoing Other expenses, net, for the three and nine month periods ended September 30, 2007 and 2006. Also included in the materials is a reference to management's current expectation that the Commercial Power, International Energy, and Crescent segments, on a combined basis, will grow ongoing EBIT by an estimated 8-10% CAGR through 2012, from the base of their combined forecasted 2008 ongoing segment EBIT results. In addition, the question and answer session of the earnings conference call included a reference to management's current expectation that the 2007 results for the Midwest gas-fired generation assets (referred to in the question and answer session as "the DENA assets") will meet or improve upon an estimated ongoing EBIT loss of approximately \$30 million (revised from an initial estimate of approximately \$60 million) for this component of the Commercial Power segment, and the current expectation that these assets will reach their break-even point by 2009, on an ongoing EBIT basis.

Ongoing segment EBIT and Other expenses, net, are non-GAAP financial measures as they represent reported segment EBIT and Other expenses, net, adjusted for special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measures for ongoing segment EBIT and Other expenses, net, are reported segment EBIT and Other expenses, net, which represent segment EBIT and Other expenses, net, from continuing operations, including any special items. Due to the forward-looking nature of this non-GAAP financial measure for any 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 forecast special items for future periods.

**DUKE ENERGY CORPORATION**  
**ONGOING TO REPORTED EARNINGS RECONCILIATION**  
September 2006 Quarter-to-Date  
(Dollars in millions, except per-share amounts)

	Ongoing Earnings	Special Items (Note 1)		Discontinued Operations	Total Adjustments	Reported Earnings
		Gain on Sale of Interest in Crescent	Costs to Achieve, Cinergy Merger			
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>						
U.S. Franchised Electric and Gas	\$ 678	\$ -	\$ -	\$ -	\$ -	\$ 678
Commercial Power	57	-	-	-	-	57
International Energy	68	-	-	-	-	68
Crescent	54	246 <sup>A</sup>	-	-	246	300
<b>Total reportable segment EBIT</b>	<b>857</b>	<b>246</b>	<b>-</b>	<b>-</b>	<b>246</b>	<b>1,103</b>
Other	(132)	-	(19) <sup>B</sup>	-	(19)	(151)
<b>Total reportable segment EBIT and Other EBIT</b>	<b>\$ 725</b>	<b>\$ 246</b>	<b>\$ (19)</b>	<b>\$ -</b>	<b>\$ 227</b>	<b>\$ 952</b>
Interest Expense	(182)	-	-	-	-	(182)
Interest Income and Other	21	-	-	-	-	21
Income Taxes from Continuing Operations	(193)	(124)	7	-	(117)	(310)
Discontinued Operations, net of taxes	-	-	-	282 <sup>C,D</sup>	282	282
<b>Net Income</b>	<b>\$ 371</b>	<b>\$ 122</b>	<b>\$ (12)</b>	<b>\$ 282</b>	<b>\$ 392</b>	<b>\$ 763</b>
<b>EARNINGS PER SHARE, BASIC</b>						
	<b>\$ 0.29</b>	<b>\$ 0.10</b>	<b>\$ (0.01)</b>	<b>\$ 0.23</b>	<b>\$ 0.32</b>	<b>\$ 0.61</b>
<b>EARNINGS PER SHARE, DILUTED</b>						
	<b>\$ 0.29</b>	<b>\$ 0.10</b>	<b>\$ (0.01)</b>	<b>\$ 0.22</b>	<b>\$ 0.31</b>	<b>\$ 0.60</b>

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

A - Recorded in Gains (Losses) on Sales of Other Assets and Other, net on the Consolidated Statements of Operations.

B - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

C - Excludes Crescent discontinued operations.

D - Primarily amounts reclassified to discontinued operations due to the January 2007 spin-off of Spectra Energy, net of amounts for DENA. Recorded in (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,254
Diluted	1,263

**DUKE ENERGY CORPORATION**  
**ONGOING TO REPORTED EARNINGS RECONCILIATION**  
September 2006 Year-to-Date  
(Dollars in millions, except per-share amounts)

	Special Items (Note 1)						Reported Earnings
	Ongoing Earnings	Gain on Sale of Interest in Crescent	Impairment of Campeche Investment	Costs to Achieve, Cinergy Merger	Discontinued Operations	Total Adjustments	
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>							
U.S. Franchised Electric and Gas	\$ 1,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,388
Commercial Power	50	-	-	-	-	-	50
International Energy	233	-	(55) <b>B</b>	-	-	(55)	178
Crescent	269	246 <b>A</b>	-	-	-	246	515
<b>Total reportable segment EBIT</b>	<u>1,940</u>	<u>246</u>	<u>(55)</u>	<u>-</u>	<u>-</u>	<u>191</u>	<u>2,131</u>
Other	(258)	-	-	(97) <b>C</b>	-	(97)	(355)
<b>Total reportable segment EBIT and Other EBIT</b>	<b>\$ 1,682</b>	<b>\$ 246</b>	<b>\$ (55)</b>	<b>\$ (97)</b>	<b>\$ -</b>	<b>\$ 94</b>	<b>\$ 1,776</b>
Interest Expense	(470)	-	-	-	-	-	(470)
Interest Income and Other	43	-	-	-	-	-	43
Income Taxes from Continuing Operations	(379)	(124)	-	34	-	(90)	(469)
Discontinued Operations, net of taxes	-	-	-	-	596 <b>D,E</b>	596	596
<b>Net Income</b>	<u>\$ 876</u>	<u>\$ 122</u>	<u>\$ (55)</u>	<u>\$ (63)</u>	<u>\$ 596</u>	<u>\$ 600</u>	<u>\$ 1,476</u>
<b>EARNINGS PER SHARE, BASIC</b>	<u>\$ 0.77</u>	<u>\$ 0.11</u>	<u>\$ (0.05)</u>	<u>\$ (0.06)</u>	<u>\$ 0.52</u>	<u>\$ 0.52</u>	<u>\$ 1.29</u>
<b>EARNINGS PER SHARE, DILUTED</b>	<u>\$ 0.76</u>	<u>\$ 0.10</u>	<u>\$ (0.05)</u>	<u>\$ (0.05)</u>	<u>\$ 0.51</u>	<u>\$ 0.51</u>	<u>\$ 1.27</u>

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

A - Recorded in Gains (Losses) on Sales of Other Assets and Other, net on the Consolidated Statements of Operations.

B - \$38 million recorded in Operation, maintenance and other (Operating Expenses) and \$17 million recorded in Losses on sales and impairments of equity investments (Other Income and Expenses) on the Consolidated Statements of Operations.

C - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

D - Excludes Crescent discontinued operations.

E - Primarily amounts reclassified to discontinued operations due to the January 2007 spin-off of Spectra Energy, net of amounts for DENA. Recorded in (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,141
Diluted	1,162

**DUKE ENERGY CORPORATION**  
**ONGOING TO REPORTED EARNINGS RECONCILIATION**  
December 2006 Quarter-to-date  
(Dollars in millions, except per-share amounts)

**Special Items (Note 1)**

	Ongoing Earnings	Settlement Reserves	Adjustment to Impairment of Campeche Investment	Costs to Achieve, Cinergy Merger	Tax Adjustments	Discontinued Operations	Total Adjustments	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>								
U.S. Franchised Electric and Gas	\$ 423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 423
Commercial Power	(29)	-	-	-	-	-	-	(29)
International Energy	80	(100) A	5 A	-	-	-	(95)	(15)
Crescent	17	-	-	-	-	-	-	17
Total reportable segment EBIT	491	(100)	5	-	-	-	(95)	396
Other	(86)	(65) A	-	(31) A	-	-	(96)	(182)
Total reportable segment EBIT and other EBIT	\$ 405	\$ (165)	\$ 5	\$ (31)	\$ -	\$ -	\$ (191)	\$ 214
Interest Expense	(163)	-	-	-	-	-	-	(163)
Interest Income and Other	104	-	-	-	-	-	-	104
Income Taxes from Continuing Operations	(48)	58	-	11	27 B	-	96	48
Discontinued Operations, net of taxes	-	-	-	-	-	184 C	184	184
<b>Net Income</b>	<b>\$ 298</b>	<b>\$ (107)</b>	<b>\$ 5</b>	<b>\$ (20)</b>	<b>\$ 27</b>	<b>\$ 184</b>	<b>\$ 89</b>	<b>\$ 387</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 0.24</b>	<b>\$ (0.08)</b>	<b>\$ -</b>	<b>\$ (0.02)</b>	<b>\$ 0.02</b>	<b>\$ 0.15</b>	<b>\$ 0.07</b>	<b>\$ 0.31</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.24</b>	<b>\$ (0.08)</b>	<b>\$ -</b>	<b>\$ (0.02)</b>	<b>\$ 0.02</b>	<b>\$ 0.15</b>	<b>\$ 0.07</b>	<b>\$ 0.31</b>

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

A - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

B - Primarily the income tax benefit related to a \$28 million pre-tax charge for the impairment of Bolivia investment. The pre-tax impairment charge was reclassified to discontinued operations; however, GAAP requires the income tax benefit to remain in continuing operations.

C - Primarily amounts reclassified to discontinued operations due to the January 2007 spin-off of Spectra Energy. Recorded in Income (Loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,256
Diluted	1,265

DUKE ENERGY CORPORATION  
ONGOING TO REPORTED EARNINGS RECONCILIATION  
December 2006 Year-to-date  
(Dollars in millions, except per-share amounts)

Special Items (Note 1)

	Ongoing Earnings	Settlement Reserves	Gain on Sale of Interest in Crescent	Impairment of Campeche Investment	Costs to Achieve, Cinergy Merger	Tax Adjustments	Discontinued Operations	Total Adjustments	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>									
U.S. Franchised Electric and Gas	\$ 1,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,811
Commercial Power	21	-	-	-	-	-	-	-	21
International Energy	313	(100) <b>A</b>	-	(50) <b>C</b>	-	-	-	(150)	163
Crescent	286	-	246 <b>B</b>	-	-	-	-	246	532
<b>Total reportable segment EBIT</b>	<b>2,431</b>	<b>(100)</b>	<b>246</b>	<b>(50)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96</b>	<b>2,527</b>
Other	(344)	(65) <b>A</b>	-	-	(128) <b>A</b>	-	-	(193)	(537)
<b>Total reportable segment EBIT and other EBIT</b>	<b>\$ 2,087</b>	<b>\$ (165)</b>	<b>\$ 246</b>	<b>\$ (50)</b>	<b>\$ (128)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (97)</b>	<b>\$ 1,990</b>
Interest Expense	(633)	-	-	-	-	-	-	-	(633)
Interest Income and Other	147	-	-	-	-	-	-	-	147
Income Taxes from Continuing Operations	(427)	58	(124)	-	45	27 <b>D</b>	-	6	(421)
Discontinued Operations, net of taxes	-	-	-	-	-	-	780 <b>E,F</b>	780	780
<b>Net Income</b>	<b>\$ 1,174</b>	<b>\$ (107)</b>	<b>\$ 122</b>	<b>\$ (50)</b>	<b>\$ (83)</b>	<b>\$ 27</b>	<b>\$ 780</b>	<b>\$ 689</b>	<b>\$ 1,863</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 1.00</b>	<b>\$ (0.09)</b>	<b>\$ 0.10</b>	<b>\$ (0.04)</b>	<b>\$ (0.07)</b>	<b>\$ 0.03</b>	<b>\$ 0.66</b>	<b>\$ 0.59</b>	<b>\$ 1.59</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.99</b>	<b>\$ (0.09)</b>	<b>\$ 0.10</b>	<b>\$ (0.04)</b>	<b>\$ (0.07)</b>	<b>\$ 0.02</b>	<b>\$ 0.66</b>	<b>\$ 0.58</b>	<b>\$ 1.57</b>

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

A - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

B - Recorded in Gains (Losses) on Sales of Other Assets and Other, net on the Consolidated Statements of Operations.

C - \$33 million recorded in Operation, maintenance and other (Operating Expenses) and \$17 million recorded in (Losses) gains on sales and impairments of equity investments (Other Income and Expenses) on the Consolidated Statements of Operations.

D - Primarily the income tax benefit related to a \$28 million pre-tax charge for the impairment of Bolivia investment. The pre-tax impairment charge was reclassified to discontinued operations; however, GAAP requires the income tax benefit to remain in continuing operations.

E - Excludes Crescent discontinued operations.

F - Primarily amounts reclassified to discontinued operations due to the January 2007 spin-off of Spectra Energy, net of amount for DENA. Recorded in Income (Loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,170
Diluted	1,188

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

**Special Items (Note 1)**

	Ongoing Earnings	Costs to Achieve, Cinergy Merger	Settlement Reserve Adjustment	Discontinued Operations	Total Adjustments	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>						
U.S. Franchised Electric and Gas	\$ 760	\$ -	\$ -	\$ -	\$ -	\$ 760
Commercial Power	121	-	-	-	-	121
International Energy	92	-	-	-	-	92
Crescent	10	-	-	-	-	10
<b>Total reportable segment EBIT</b>	<b>983</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>983</b>
Other	(49)	(15) <sup>A</sup>	20 <sup>A</sup>	-	5	(44)
<b>Total reportable segment and Other EBIT</b>	<b>\$ 934</b>	<b>\$ (15)</b>	<b>\$ 20</b>	<b>\$ -</b>	<b>\$ 5</b>	<b>\$ 939</b>
Interest Expense	(178)	-	-	-	-	(178)
Interest Income and Other	73	-	-	-	-	73
Income Taxes from Continuing Operations	(221)	5	(7)	-	(2)	(223)
Discontinued Operations, net of taxes	-	-	-	(4) <sup>B</sup>	(4)	(4)
<b>Net Income</b>	<b>\$ 608</b>	<b>\$ (10)</b>	<b>\$ 13</b>	<b>\$ (4)</b>	<b>\$ (1)</b>	<b>\$ 607</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 0.48</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0.48</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 0.48</b>	<b>\$ (0.01)</b>	<b>\$ 0.01</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 0.48</b>

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

A - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

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

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,260
Diluted	1,265

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

	Special Items (Note 1)							
	Ongoing Earnings	Convertible Debt Costs, Gas Spin-off	Costs to Achieve, Cinergy Merger	IT Severance Costs	Settlement Reserve Adjustment	Discontinued Operations	Total Adjustments	Reported Earnings
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>								
U.S. Franchised Electric and Gas	\$ 1,786	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,786
Commercial Power	147	-	-	-	-	-	-	147
International Energy	283	-	-	-	-	-	-	283
Crescent	29	-	-	-	-	-	-	29
Total reportable segment EBIT	2,245	-	-	-	-	-	-	2,245
Other	(143)	(21) B	(38) A	(12) A	20 A	-	(51)	(194)
Total reportable segment and Other EBIT	\$ 2,102	\$ (21)	\$ (38)	\$ (12)	\$ 20	\$ -	\$ (51)	\$ 2,051
Interest Expense	(502)	-	-	-	-	-	-	(502)
Interest Income and Other	161	-	-	-	-	-	-	161
Income Taxes from Continuing Operations	(458)	-	14	4	(7)	-	11	(447)
Discontinued Operations, net of taxes	-	-	-	-	-	(6) C	(6)	(6)
Net Income	<u>\$ 1,303</u>	<u>\$ (21)</u>	<u>\$ (24)</u>	<u>\$ (8)</u>	<u>\$ 13</u>	<u>\$ (6)</u>	<u>\$ (46)</u>	<u>\$ 1,257</u>
<b>EARNINGS PER SHARE, BASIC</b>								
	<u>\$ 1.04</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ -</u>	<u>\$ (0.04)</u>	<u>\$ 1.00</u>
<b>EARNINGS PER SHARE, DILUTED</b>								
	<u>\$ 1.03</u>	<u>\$ (0.02)</u>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>	<u>\$ 0.01</u>	<u>\$ -</u>	<u>\$ (0.04)</u>	<u>\$ 0.99</u>

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

A - Recorded in Operation, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

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

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

Weighted Average Shares (reported and ongoing) - in millions

Basic 1,259

Diluted 1,266

**Duke Energy Corporation**  
**Net Cash Balance Reconciliation**  
**As of September 30, 2007**  
**(in millions)**

Cash and Cash Equivalents	\$675	
Short-Term Investments	<u>909</u>	
Subtotal	1,584	
Short-term Commercial Paper Outstanding (a)	<u>(504)</u>	
Net Cash Balance (b)	<u><u>\$1,080</u></u>	(Approximately \$1,100)

- (a) Excludes approximately \$300 million of commercial paper that is classified as long-term debt due to Duke Energy's intent and ability to utilize such obligations as long-term financing.
- (b) The net cash balance presented is a non-GAAP financial measure as it represents the net presentation of cash and cash equivalents, short-term investments, and short-term outstanding commercial paper balances. The most directly comparable GAAP financial measure for net cash is cash and cash equivalents.