

**Duke Energy Corporation**  
**Non-GAAP Reconciliations for SEC Regulation G**  
**November 21, 2008 Analyst Meeting**

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

The materials for Duke Energy Corporation’s (“Duke Energy”) November 21, 2008 Analyst Meeting include a reference to 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. 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.

**2007 and 2008 Employee EPS Incentive Target Measure**

The materials for Duke Energy’s November 21, 2008 Analyst Meeting include a reference to Duke Energy’s 2008 employee EPS incentive target of \$1.27, with minimum incentive payouts occurring if results are equal to \$1.20 per share. Additionally, the materials reference the 2007 EPS incentive target of \$1.15 per share. Actual adjusted diluted EPS for 2007 was \$1.23 per share. The materials include a discussion of the forecasted range of growth in adjusted diluted EPS through 2012 and 2013 (on a compound annual growth rate (“CAGR”) basis) from various base amounts, including the 2007 employee EPS incentive target, 2007 actual adjusted diluted EPS amount, and the minimum employee EPS incentive target for 2008. The EPS measure used for employee incentive bonuses is primarily based on adjusted diluted EPS. Reference may also be made to management’s expectations of 2009 earnings, and any such reference would be to forecasted 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 future periods. Adjusted diluted EPS for 2007 was approximately \$1.23. A reconciliation of adjusted diluted EPS to reported diluted EPS for 2007 is included herein.

### **Adjusted Segment EBIT Amounts and Related Growth Rates**

The materials for Duke Energy’s November 21, 2008 Analyst Meeting include a reference to management’s current expectation that the Commercial Power and International Energy segments, on a combined basis (referred to as the Commercial Businesses), will grow adjusted segment EBIT by an estimated 8-10% CAGR through 2013, from the base of their combined forecasted 2009 adjusted segment EBIT results. Also referenced is the forecasted contribution to 2008 adjusted total segment EBIT of the Commercial Businesses of approximately 25%. Adjusted segment EBIT and adjusted total segment EBIT are non-GAAP financial measures as they represent reported segment EBIT and reported total 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 measures for adjusted segment EBIT and adjusted total segment EBIT are reported segment EBIT and reported total segment EBIT, which represent 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 these non-GAAP financial measures for any future periods, information to reconcile them to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast special items or mark-to-market impacts for future periods.

Also included in the materials is management’s current expectation that the Midwest gas-fired generation assets, a component of the Commercial Power segment, are expected to have cash positive results of approximately \$65 million in 2008. This cash positive results amount is a non-GAAP financial measure as it represents management’s current expectation of 2008 adjusted segment EBIT contribution of approximately \$7 million in losses for this component of the Commercial Power segment, adjusted to add back approximately \$72 million of forecasted 2008 depreciation and amortization. Also included in these materials is a reference to management’s current projection that the Midwest gas-fired generation assets will have a positive EBIT contribution in 2009, on an adjusted EBIT basis. The most directly comparable GAAP measure is reported segment EBIT contribution. 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 or mark-to-market impacts for future periods.

## **Latin American Portfolio Cash Flows**

The materials for Duke Energy's November 21, 2008 Analyst Meeting include a reference to management's expectation that the Latin American portfolio of assets will have significant annual free cash flow of approximately \$200 million to \$300 million in the period of 2009 through 2013. These amounts represent non-GAAP financial measures. This forecast of cash generation primarily reflects expected cash to be provided by operating activities (a GAAP measure), but also reflects certain financing and investing activities. However, this forecast of cash generation specifically excludes capital and investment expenditures.

## **Funds From Operations ("FFO") Ratios**

The materials for Duke Energy's November 21, 2008 Analyst Meeting include a reference to expected FFO interest coverage ratio, FFO to Total Debt ratio, and Adjusted Debt to Total Capitalization ratio. These ratios reflect non-GAAP financial measures. The numerator of the FFO interest coverage ratio is calculated principally by using forecasted net cash provided by operating activities on a GAAP basis, adjusted for forecasted changes in working capital, plus all forecasted cash interest paid. The denominator is principally GAAP interest expense increased by capitalized interest (including any AFUDC interest). Cash from operations, cash interest paid and interest expense are also adjusted for entities considered off-credit. Debt amounts in these calculated ratios are adjusted for off-credit treatment of certain non-recourse debt.

**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 B	-	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) D	(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) C	(22)	(22)
<b>Net Income</b>	<b>\$ 1,563</b>	<b>\$ (21)</b>	<b>\$ (35)</b>	<b>\$ (8)</b>	<b>\$ 15</b>	<b>\$ 8</b>	<b>\$ (22)</b>	<b>\$ (63)</b>	<b>\$ 1,500</b>
<b>EARNINGS PER SHARE, BASIC</b>	<b>\$ 1.24</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ -</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ (0.02)</b>	<b>\$ (0.05)</b>	<b>\$ 1.19</b>
<b>EARNINGS PER SHARE, DILUTED</b>	<b>\$ 1.23</b>	<b>\$ (0.02)</b>	<b>\$ (0.03)</b>	<b>\$ -</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ (0.02)</b>	<b>\$ (0.05)</b>	<b>\$ 1.18</b>

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

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

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

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

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

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,260
Diluted	1,266

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

**Duke Energy Corporation**  
**November 21, 2008 Analysts Meeting**  
**Cash Flow Reconciliation Required by SEC Regulation G**

(\$ in Millions)

	<b>Forecast 2009</b>
<b>Primary Sources:</b>	
Net income (1)	a \$ 1,550
Depreciation & amortization	a 1,825
Total Sources	<u>3,375</u>
<b>Primary Uses:</b>	
Capital and Investment Expenditures	b (4,750)
Dividends	c (1,200)
Other Sources/(Uses), net	b 625
Total Uses	<u>(5,325)</u>
<b>Net Cash, Cash Equivalents, and Short-term Investments Used and Debt Financings</b>	<u>\$ (1,950)</u>

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

Operating cash flow components from above [summation of (a)]	\$ 3,375
Reconciling items to GAAP operating cash flow (2)	(150)
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 3,225</u>

Investing cash flow components from above [summation of (b)]	\$ (4,125)
Reconciling items to GAAP investing cash flow (3)	150
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (3,975)</u>

Financing cash flow components from above [item (c)]	\$ (1,200)
Reconciling items to GAAP financing cash flow (4)	1,050
Net cash used in financing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (150)</u>

Notes:

- (1) The net income of \$1,550 million for 2009 is an illustrative amount based on Duke Energy's 2008 minimum employee incentive earnings target of \$1.20 per share. The EPS measure used for employee incentive bonuses is primarily based on adjusted diluted EPS. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations, adjusted for the per-share impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment (as discussed separately under "Adjusted Diluted Earnings per Share ('EPS')"). The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Due to the forward-looking nature of this non-GAAP financial measure, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project special items or mark-to-market adjustments for the remainder of 2008.
- (2) Amount consists primarily of an adjustment for operating cash flow items included in the "Other Sources/(Uses), net" which are combined for the GAAP reconciliation in Investing activities (principally contributions to company-sponsored pension plans and equity allowance for funds used during construction offset by deferred income taxes and other changes in working capital).
- (3) Amount consists primarily of an adjustment for operating cash flow items included in the "Other Sources/(Uses), net" which are combined for the GAAP reconciliation in Investing activities (principally contributions to company-sponsored pension plans and equity allowance for funds used during construction offset by deferred income taxes and other changes in working capital). After reclassification of the approximate net \$150 million of operating cash flow activity, the amount within investing activities from the "Other Sources/(Uses), net" line item primarily reflects proceeds related to plans to pursue monetization of select Midwest gas plants and other investing activities.
- (4) Amount consists primarily of net other financing activities including debt issues, debt retirements, changes in amounts of commercial paper outstanding and proceeds from the issuance of common stock under dividend reinvestment plans and other internal plans.