



NEWS RELEASE

Duke Energy Corporation
P.O. Box 1009
Charlotte, NC 28201-1009

Nov. 5, 2008

MEDIA CONTACT Tom Shiel
Phone: 704-382-2235
24-Hour: 704-382-8333

ANALYST CONTACT Sean Trauschke
Phone: 980-373-7905

Duke Energy Reports Third-Quarter 2008 Results

- ***Adjusted diluted earnings per share (EPS) was 33 cents, compared with 45 cents for the third quarter 2007***
 - ***Adverse impact of 8 cents to adjusted diluted EPS due to reduced revenues from significantly milder weather and Midwest storm costs***
- ***Reported diluted EPS was 17 cents vs. 48 cents for the prior-year quarter; non-cash items adversely impacted reported earnings by 15 cents***
- ***Following a non-cash impairment charge in the third quarter, Duke now has a zero book basis in Crescent, limiting further exposure to the real estate market***
- ***The Company's liquidity position remains strong***

CHARLOTTE, N.C. – Duke Energy today reported adjusted diluted earnings per share (EPS) of 33 cents for the third-quarter 2008, compared with 45 cents for the same period last year.

Third-quarter 2008 reported diluted EPS was 17 cents vs. 48 cents in third-quarter 2007.

"We are disappointed in the third quarter results, but our strong performance earlier

- more -

in the year will help mitigate the impact of these results on our year-end performance," said Chairman, President and Chief Executive Officer James E. Rogers. "Although we don't believe we will be able to achieve our 2008 employee incentive target of \$1.27 of adjusted diluted earnings per share by year's end -- particularly in this economy -- we are only about 5 cents off of where we expected to be at the end of the third quarter."

Third-quarter 2008 adjusted results were adversely affected by milder weather in Duke Energy's service territories, expenses related to the worst storm-related outages ever recorded in the Midwest, timing of recovery of fuel and purchased power costs under the RSP in Ohio, and generally declining economic conditions.

"Despite a recessionary economy and tight credit markets, our energy businesses remain solid and our liquidity position is excellent. We have the operational and financial flexibility to respond to a recessionary economy or continued turmoil in the credit markets," Rogers said.

Starting in the first-quarter 2008, Duke Energy began presenting adjusted earnings, which excludes the impacts of special items and discontinued operations, as well as the mark-to-market impacts of economic hedges in the Commercial Power segment. Prior to the first-quarter 2008, Duke Energy presented ongoing earnings, which excluded the impacts of special items and discontinued operations. For comparative purposes, ongoing earnings for prior periods have been revised to present results for all periods on the same adjusted earnings basis.

Mark-to-market impacts of economic hedges in the Commercial Power segment and special items affecting Duke Energy's adjusted diluted EPS for the quarter include:

| (In millions, except per-share amounts) | Pre-Tax Amount | Tax Effect | 3Q2008 EPS Impact | 3Q2007 EPS Impact |
|--|----------------|------------|-------------------|-------------------|
| Third quarter 2008 | | | | |
| • Mark-to-market impact of economic hedges | \$(119) | \$42 | \$(0.06) | -- |
| • Crescent project impairments | \$(114) | \$44 | \$(0.05) | -- |
| • Emission allowances impairment | \$(82) | \$30 | \$(0.04) | -- |
| • Costs to achieve Cinergy merger | \$(11) | \$4 | \$(0.01) | -- |
| Third quarter 2007 | | | | |
| • Settlement reserve adjustment | \$20 | \$(7) | -- | \$0.01 |
| • Mark-to-market impact of economic hedges | \$4 | \$(2) | -- | -- |
| • Costs to achieve Cinergy merger | \$(15) | \$6 | -- | \$(0.01) |
| Total diluted EPS impact | | | \$(0.16) | -- |

Reconciliation of reported to adjusted diluted EPS for the quarter:

| | 3Q2008 EPS | 3Q2007 EPS |
|--|---------------|---------------|
| Diluted EPS from continuing operations, as reported | \$0.17 | \$0.45 |
| Diluted EPS from discontinued operations, as reported | -- | \$0.03 |
| Diluted EPS, as reported | \$0.17 | \$0.48 |
| Adjustments to reported diluted EPS: | | |
| • Diluted EPS from discontinued operations | -- | \$(0.03) |
| • Diluted EPS impact of special items and mark-to-market in Commercial Power | \$0.16 | -- |
| Diluted EPS, adjusted | \$0.33 | \$0.45 |

BUSINESS UNIT RESULTS (ON A REPORTED BASIS)

U.S. Franchised Electric and Gas (USFE&G)

USFE&G reported third-quarter 2008 segment EBIT from continuing operations of \$726 million, compared to \$760 million in the third quarter 2007.

USFE&G results decreased due primarily to milder weather and unfavorable operation and maintenance expenses driven by storm costs in the Midwest. During the third quarter 2007, USFE&G experienced record-setting weather in both the Carolinas and Midwest.

These negative impacts were partially offset by higher Allowance for Funds Used During Construction (AFUDC), higher rates in the Midwest as a result of recovery of

qualifying pollution control costs in Indiana and rate increases in Ohio, as well as higher results from sales to wholesale customers.

Overall, USFE&G's customer base continues to grow, although the economy is beginning to cause a decline in energy usage.

Year-to-date segment EBIT from continuing operations for USFE&G was \$1,866 million, compared to \$1,786 million in 2007.

Commercial Power

Commercial Power reported a third-quarter 2008 segment EBIT loss from continuing operations of \$108 million, compared to \$163 million positive EBIT in the third quarter 2007.

Commercial Power results decreased due primarily to mark-to-market losses on economic hedges driven by sharply declining commodity prices, an impairment of emission allowances resulting from the invalidation in federal court of the Clean Air Interstate Rule, the timing of recovery of fuel and purchased power costs under the Ohio RSP, and milder weather. The decrease was partially offset by lower purchase accounting and operating and maintenance expenses.

Year-to-date segment EBIT from continuing operations for Commercial Power was \$273 million, compared to \$240 million in 2007.

Duke Energy International (DEI)

Duke Energy International (DEI) reported third-quarter 2008 segment EBIT from continuing operations of approximately \$77 million, compared to \$92 million in the third quarter 2007.

DEI's lower results for the quarter were driven primarily by unfavorable hydrology

and lower prices in Peru and lower results in Central America, partially offset by increased demand in Brazil, favorable average foreign exchange rates and higher results at National Methanol.

Year-to-date segment EBIT from continuing operations for DEI was \$307 million, compared to \$283 million in 2007.

Crescent Resources

Duke Energy's ownership interest in Crescent Resources reported a \$124 million equity earnings loss for the third quarter 2008, compared to \$10 million in positive equity earnings in the third quarter 2007. Lower current year results reflect \$114 million in asset impairments primarily related to residential properties as Crescent continued to assess projects in troubled real estate markets, consistent with its revised business strategy. This strategy involves accelerating property sales, which is necessitated by the June 2008 restructuring of the terms of its long-term debt obligations.

Year-to-date, Duke Energy's ownership interest in Crescent Resources reported a \$230 million equity earnings loss, compared to \$29 million in positive equity earnings in 2007.

As a result of these write-downs, Duke Energy has a zero basis investment in Crescent as of September 30, 2008.

Other

Other primarily includes costs associated with corporate governance, costs-to-achieve the Cinergy merger and Duke Energy's captive insurance company.

Other reported a third-quarter 2008 net expense from continuing operations of \$71

million, compared to \$44 million in the third quarter 2007. The increase was due primarily to a non-recurring settlement adjustment in the prior year quarter.

Year-to-date net expense from continuing operations for Other was \$230 million, compared to \$194 million in 2007.

INTEREST EXPENSE

Interest expense in third quarter 2008 was \$176 million, compared to \$177 million in third quarter 2007.

Year-to-date interest expense was \$552 million, compared to \$499 million in 2007.

INCOME TAX EXPENSE

Income tax expense from continuing operations in third quarter 2008 was \$132 million, compared to \$304 million in third quarter 2007. The effective tax rate for the third quarter 2008 increased to 38 percent from 35 percent in third quarter 2007. The decrease in income tax expense from continuing operations was primarily due to a decrease in taxable income.

Year-to-date income tax expense from continuing operations was \$521 million, compared to \$595 million in 2007. The effective tax rate for year-to-date 2008 was 34 percent, compared to 33 percent in 2007.

Discontinued Operations

In the third quarter of 2008, Discontinued Operations had an after-tax loss of \$1 million, compared to a \$34 million after-tax gain in the third quarter 2007. The variance is primarily due to the presentation of the third-quarter 2007 synfuel operations as discontinued operations.

NON-GAAP FINANCIAL MEASURES

The primary performance measure used by management to evaluate segment performance is segment EBIT from continuing operations, which at the segment level represents all profits from continuing operations (both operating and non-operating), including any equity in earnings of unconsolidated affiliates, before deducting interest and taxes, and is net of the minority interest expense related to those profits. Management believes segment EBIT from continuing operations, which is the GAAP measure used to report segment results, is a good indicator of each segment's operating performance as it represents the results of Duke Energy's ownership interests in continuing operations without regard to financing methods or capital structures.

Duke Energy's management uses adjusted diluted EPS, which 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, as a measure to evaluate operations of the company.

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. 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. Adjusted diluted EPS is also used as a basis for employee incentive bonuses.

Management prepares its annual forecast of adjusted diluted EPS as a basis for employee incentive bonuses based in part on normalized weather patterns. In the third quarter of 2008, the Company incurred approximately \$50 million in restoration costs related to the worst storm-related outages ever recorded in the Midwest. Also, in the third quarter of 2007, record setting above-normal weather was experienced in the Carolinas and the Midwest. The milder weather in the third quarter of 2008 had the effect of an approximate \$120 million decrease in non-fuel operating revenues. These specific items resulted in a decline in adjusted diluted EPS in the third quarter of 2008 compared to the third quarter of 2007 of approximately 8 cents. Additional revenue and expense items that might have been attributable to the above-normal weather conditions in the third quarter of 2007, such as increased short-term incentive expense, are not included in the calculation of the 8 cents diluted EPS impact. In the current quarter, given the record-setting nature of the aforementioned weather occurrences, management believes the presentation of the diluted EPS impact of these specific items provides useful supplemental information to investors, as it allows them to more accurately compare the company's performance on a weather normalized basis.

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 adjusted diluted EPS for future periods, information to reconcile such non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to forecast special items and the mark-to-market impacts of economic hedges in the Commercial Power segment for future periods.

Duke Energy also uses adjusted segment EBIT (including adjusted equity earnings for Crescent Resources) and Other net expenses as a measure of historical and anticipated future segment and other performance. When used for future periods, adjusted segment EBIT and Other net expenses may also include any amounts that may be reported as discontinued operations. Adjusted segment EBIT and Other net expenses are non-GAAP financial measures, as they represent reported segment EBIT and Other net expenses adjusted for special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Management believes that the presentation of adjusted segment EBIT and Other net expenses provides useful information to investors, as it allows them to more accurately compare a segment's or Other's ongoing performance across periods. The most directly comparable GAAP measure for adjusted segment EBIT or Other net expenses is reported segment EBIT or Other net expenses, which represents segment EBIT and Other net expenses 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 any forecasted adjusted segment EBIT or Other net expenses and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to forecast special items, the mark-to-market impacts of economic hedges in the Commercial Power segment, or any amounts that may be reported as discontinued operations for future periods.

Duke Energy, one of the largest electric power companies in the United States,

supplies and delivers electricity to approximately 4.0 million U.S. customers in its regulated jurisdictions. The company has approximately 35,000 megawatts of electric generating capacity in the Midwest and the Carolinas, and natural gas distribution services in Ohio and Kentucky. In addition, Duke Energy has more than 4,000 megawatts of electric generation in Latin America, and is a joint-venture partner in a U.S. real estate company. Headquartered in Charlotte, N.C., Duke Energy is a Fortune 500 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available on the Internet at: www.duke-energy.com.

An earnings conference call for analysts is scheduled for 10 a.m. ET on Wednesday, Nov. 5. The conference call can be accessed via the [investors' section](http://www.duke-energy.com/investors/) (<http://www.duke-energy.com/investors/>) of Duke Energy's Web site or by dialing 719-325-4762 outside the United States or 877-719-9788 in the United States. The confirmation code is 3796646. Please call in 10 to 15 minutes prior to the scheduled start time. A replay of the conference call will be available until Nov. 15, by dialing 719-457-0820 outside the United States or 888-203-1112 in the United States, with a confirmation code of 3796646. A replay and transcript also will be available by accessing the [investors' section](http://www.duke-energy.com/investors/) of the company's Web site.

Forward-looking statement

This release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions. These forward-looking statements are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "target," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any

forward-looking statement include, but are not limited to: State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements; state, federal and foreign legislation and regulatory initiatives that affect cost and investment recovery, or have an impact on rate structures; costs and effects of legal and administrative proceedings, settlements, investigations and claims; industrial, commercial and residential growth in Duke Energy Corporation's (Duke Energy) service territories; additional competition in electric markets and continued industry consolidation; political and regulatory uncertainty in other countries in which Duke Energy conducts business; the influence of weather and other natural phenomena on Duke Energy operations, including the economic, operational and other effects of hurricanes, droughts, ice storms and tornadoes; the timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates; unscheduled generation outages, unusual maintenance or repairs and electric transmission system constraints; the results of financing efforts, including Duke Energy's ability to obtain financing on favorable terms, which can be affected by various factors, including Duke Energy's credit ratings and general economic conditions; declines in the market prices of equity securities and resultant cash funding requirements for Duke Energy's defined benefit pension plans; the level of credit worthiness of counterparties to Duke Energy's transactions; employee workforce factors, including the potential inability to attract and retain key personnel; growth in opportunities for Duke Energy's business units, including the timing and success of efforts to develop domestic and international power and other projects; the performance of electric generation and of projects undertaken by Duke Energy's non-regulated businesses; construction and development risks associated with the completion of Duke Energy's capital investment projects in existing and new generation facilities, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules, and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner; the effect of accounting pronouncements issued

periodically by accounting standard-setting bodies; and the ability to successfully complete merger, acquisition or divestiture plans. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than Duke Energy has described. Duke Energy undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

###

September 2008
QUARTERLY HIGHLIGHTS
(Unaudited)

| | <u>Three Months Ended</u> <u>September 30,</u> | | <u>Nine Months Ended</u> <u>September 30,</u> | |
|--|---|-----------------|--|------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| <i>(In millions, except per-share amounts and where noted)</i> | | | | |
| COMMON STOCK DATA | | | | |
| Earnings Per Share (from continuing operations) | | | | |
| Basic | \$ 0.17 | \$ 0.45 | \$ 0.81 | \$ 0.96 |
| Diluted | \$ 0.17 | \$ 0.45 | \$ 0.80 | \$ 0.96 |
| Earnings per Share (from discontinued operations) | | | | |
| Basic | \$ - | \$ 0.03 | \$ 0.01 | \$ 0.04 |
| Diluted | \$ - | \$ 0.03 | \$ 0.01 | \$ 0.03 |
| Earnings Per Share | | | | |
| Basic | \$ 0.17 | \$ 0.48 | \$ 0.82 | \$ 1.00 |
| Diluted | \$ 0.17 | \$ 0.48 | \$ 0.81 | \$ 0.99 |
| Dividends Per Share | \$ - | \$ - | \$ 0.67 | \$ 0.64 |
| Weighted-Average Shares Outstanding | | | | |
| Basic | 1,265 | 1,260 | 1,264 | 1,259 |
| Diluted | 1,268 | 1,265 | 1,268 | 1,266 |
| INCOME | | | | |
| Operating Revenues | <u>\$ 3,508</u> | <u>\$ 3,688</u> | <u>\$ 10,074</u> | <u>\$ 9,689</u> |
| Total Reportable Segment EBIT | 571 | 1,025 | 2,216 | 2,338 |
| Other EBIT | (71) | (44) | (230) | (194) |
| Interest Expense | (176) | (177) | (552) | (499) |
| Interest Income and Other (a) | 24 | 73 | 104 | 159 |
| Income Tax Expense from Continuing Operations | (132) | (304) | (521) | (595) |
| (Loss) Income from Discontinued Operations, net of tax | (1) | 34 | 14 | 48 |
| Net Income | <u>\$ 215</u> | <u>\$ 607</u> | <u>\$ 1,031</u> | <u>\$ 1,257</u> |
| CAPITALIZATION | | | | |
| Total Common Equity | | | 59% | 64% |
| Total Debt | | | 41% | 36% |
| Total Debt | | | <u>\$ 14,919</u> | <u>\$ 11,776</u> |
| Book Value Per Share | | | <u>\$ 16.86</u> | <u>\$ 16.72</u> |
| Actual Shares Outstanding | | | 1,265 | 1,260 |
| CAPITAL AND INVESTMENT EXPENDITURES | | | | |
| U.S. Franchised Electric and Gas | \$ 1,015 | \$ 506 | \$ 2,668 | \$ 1,840 |
| Commercial Power | 371 | 97 | 648 | 323 |
| International Energy | 25 | 8 | 108 | 32 |
| Other | 50 | 34 | 189 | 104 |
| Total Capital and Investment Expenditures | <u>\$ 1,461</u> | <u>\$ 645</u> | <u>\$ 3,613</u> | <u>\$ 2,299</u> |
| EBIT BY BUSINESS SEGMENT | | | | |
| U.S. Franchised Electric and Gas | \$ 726 | \$ 760 | \$ 1,866 | \$ 1,786 |
| Commercial Power | (108) | 163 | 273 | 240 |
| International Energy | 77 | 92 | 307 | 283 |
| Crescent | (124) | 10 | (230) | 29 |
| Total Reportable Segment EBIT | <u>571</u> | <u>1,025</u> | <u>2,216</u> | <u>2,338</u> |
| Other EBIT | (71) | (44) | (230) | (194) |
| Interest Expense | (176) | (177) | (552) | (499) |
| Interest Income and Other (a) | 24 | 73 | 104 | 159 |
| Consolidated Income From Continuing Operations Before Income Taxes | <u>\$ 348</u> | <u>\$ 877</u> | <u>\$ 1,538</u> | <u>\$ 1,804</u> |

(a) Other within Interest Income and Other includes foreign currency transaction gains and losses and additional minority interest not allocated to the segment results.

Note: Certain 2007 amounts have been recast due to the reclassification of Synfuel operations to discontinued operations.

September 2008
QUARTERLY HIGHLIGHTS
(Unaudited)

| | <u>Three Months Ended</u> <u>September 30,</u> | | <u>Nine Months Ended</u> <u>September 30,</u> | |
|--|---|----------------|--|-----------------|
| | 2008 | 2007 | 2008 | 2007 |
| <i>(In millions, except where noted)</i> | | | | |
| U.S. FRANCHISED ELECTRIC AND GAS | | | | |
| Operating Revenues | \$ 2,698 | \$ 2,756 | \$ 7,701 | \$ 7,404 |
| Operating Expenses | 2,003 | 2,005 | 5,941 | 5,652 |
| Gains (Losses) on Sales of Other Assets and Other, net | 1 | (1) | 4 | - |
| Other Income and Expenses, net | 30 | 10 | 102 | 34 |
| EBIT | <u>\$ 726</u> | <u>\$ 760</u> | <u>\$ 1,866</u> | <u>\$ 1,786</u> |
| Depreciation and Amortization | \$ 344 | \$ 393 | \$ 1,009 | \$ 1,117 |
| Duke Energy Carolinas GWh sales | 22,785 | 23,797 | 65,875 | 66,209 |
| Duke Energy Midwest GWh sales | 16,566 | 17,230 | 47,860 | 49,038 |
| Net Proportional MW Capacity in Operation | | | 27,487 | 27,590 |
| COMMERCIAL POWER (a) | | | | |
| Operating Revenues | \$ 498 | \$ 643 | \$ 1,429 | \$ 1,474 |
| Operating Expenses | 614 | 485 | 1,219 | 1,242 |
| Gains (Losses) on Sales of Other Assets and Other, net | - | - | 46 | (11) |
| Other Income and Expenses, net | 8 | 5 | 17 | 19 |
| EBIT | <u>\$ (108)</u> | <u>\$ 163</u> | <u>\$ 273</u> | <u>\$ 240</u> |
| Depreciation and Amortization | \$ 43 | \$ 44 | \$ 128 | \$ 128 |
| Actual Plant Production, GWh | 5,027 | 7,230 | 15,893 | 18,228 |
| Net Proportional MW Capacity in Operation | | | 7,550 | 8,100 |
| INTERNATIONAL ENERGY | | | | |
| Operating Revenues | \$ 297 | \$ 276 | \$ 920 | \$ 782 |
| Operating Expenses | 250 | 211 | 716 | 561 |
| Gains (Losses) on Sales of Other Assets and Other, net | - | - | 1 | - |
| Other Income and Expenses, net | 36 | 24 | 119 | 69 |
| Minority Interest Expense (Benefit) | 6 | (3) | 17 | 7 |
| EBIT | <u>\$ 77</u> | <u>\$ 92</u> | <u>\$ 307</u> | <u>\$ 283</u> |
| Depreciation and Amortization | \$ 22 | \$ 20 | \$ 64 | \$ 58 |
| Sales, GWh | 4,379 | 4,200 | 13,541 | 12,854 |
| Proportional MW Capacity in Operation | | | 4,010 | 3,940 |
| CRESCENT | | | | |
| Equity in Earnings (Loss) of Unconsolidated Affiliates | <u>\$ (124)</u> | <u>\$ 10</u> | <u>\$ (230)</u> | <u>\$ 29</u> |
| EBIT | <u>\$ (124)</u> | <u>\$ 10</u> | <u>\$ (230)</u> | <u>\$ 29</u> |
| OTHER | | | | |
| Operating Revenues | \$ 38 | \$ 40 | \$ 94 | \$ 131 |
| Operating Expenses | 90 | 83 | 311 | 317 |
| Gains (Losses) on Sales of Other Assets and Other, net | 1 | 2 | 2 | 1 |
| Other Income and Expenses, net | (25) | (3) | (24) | (12) |
| Minority Interest Benefit | (5) | - | (9) | (3) |
| EBIT | <u>\$ (71)</u> | <u>\$ (44)</u> | <u>\$ (230)</u> | <u>\$ (194)</u> |
| Depreciation and Amortization | \$ 23 | \$ 17 | \$ 62 | \$ 43 |

(a) Excludes the results of Synfuel operations, which have been reclassified to discontinued operations for the three and nine months ended September 30, 2007.

DUKE ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In millions, except per-share amounts)

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|----------|-------------------|----------|
| | September 30, | | September 30, | |
| | 2008 | 2007 | 2008 | 2007 |
| Operating Revenues | \$ 3,508 | \$ 3,688 | \$ 10,074 | \$ 9,689 |
| Operating Expenses | 2,933 | 2,758 | 8,116 | 7,670 |
| Gains (Losses) on Sales of Other Assets and Other, net | 2 | - | 53 | (10) |
| Operating Income | 577 | 930 | 2,011 | 2,009 |
| Other Income and Expenses, net | (55) | 120 | 76 | 293 |
| Interest Expense | 176 | 177 | 552 | 499 |
| Minority Interest Benefit | (2) | (4) | (3) | (1) |
| Income From Continuing Operations Before Income Taxes | 348 | 877 | 1,538 | 1,804 |
| Income Tax Expense from Continuing Operations | 132 | 304 | 521 | 595 |
| Income From Continuing Operations | 216 | 573 | 1,017 | 1,209 |
| (Loss) Income From Discontinued Operations, net of tax | (1) | 34 | 14 | 48 |
| Net Income | \$ 215 | \$ 607 | \$ 1,031 | \$ 1,257 |

Common Stock Data

| | | | | |
|---|---------|---------|---------|---------|
| Weighted-average shares outstanding | | | | |
| Basic | 1,265 | 1,260 | 1,264 | 1,259 |
| Diluted | 1,268 | 1,265 | 1,268 | 1,266 |
| Earnings per share (from continuing operations) | | | | |
| Basic | \$ 0.17 | \$ 0.45 | \$ 0.81 | \$ 0.96 |
| Diluted | \$ 0.17 | \$ 0.45 | \$ 0.80 | \$ 0.96 |
| Earnings per share (from discontinued operations) | | | | |
| Basic | \$ - | \$ 0.03 | \$ 0.01 | \$ 0.04 |
| Diluted | \$ - | \$ 0.03 | \$ 0.01 | \$ 0.03 |
| Earnings per share | | | | |
| Basic | \$ 0.17 | \$ 0.48 | \$ 0.82 | \$ 1.00 |
| Diluted | \$ 0.17 | \$ 0.48 | \$ 0.81 | \$ 0.99 |
| Dividends per share | \$ - | \$ - | \$ 0.67 | \$ 0.64 |

DUKE ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In millions)

| | September 30, 2008 | December 31, 2007 |
|--|-----------------------|----------------------|
| ASSETS | | |
| Current Assets | \$ 5,852 | \$ 4,916 |
| Investments and Other Assets | 10,921 | 11,199 |
| Net Property, Plant and Equipment | 33,248 | 31,110 |
| Regulatory Assets and Deferred Debits | 2,748 | 2,461 |
| Total Assets | \$ 52,769 | \$ 49,686 |
| LIABILITIES AND COMMON STOCKHOLDERS' EQUITY | | |
| Current Liabilities | \$ 5,060 | \$ 5,698 |
| Long-term Debt | 12,695 | 9,498 |
| Deferred Credits and Other Liabilities | 13,509 | 13,110 |
| Minority Interests | 175 | 181 |
| Common Stockholders' Equity | 21,330 | 21,199 |
| Total Liabilities and Common Stockholders' Equity | \$ 52,769 | \$ 49,686 |

DUKE ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

| | Nine Months Ended September 30, | |
|--|------------------------------------|----------|
| | 2008 | 2007 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net income | \$ 1,031 | \$ 1,257 |
| Adjustments to reconcile net income to net cash provided by operating activities | 1,446 | 1,208 |
| Net cash provided by operating activities | 2,477 | 2,465 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net cash used in investing activities | (3,484) | (1,703) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net cash provided by (used in) financing activities | 2,205 | (1,035) |
| Net increase (decrease) in cash and cash equivalents | 1,198 | (273) |
| Cash and cash equivalents at beginning of period | 678 | 948 |
| Cash and cash equivalents at end of period | \$ 1,876 | \$ 675 |

Duke Energy Carolinas
Quarterly Highlights
Supplemental Franchised Electric Information
September 30, 2008

| | Quarter-to-Date | | | Year-to-Date | | |
|---|-----------------|-----------|------------|--------------|-----------|------------|
| | 2008 | 2007 (1) | % | 2008 | 2007 (1) | % |
| | | | Inc.(Dec.) | | | Inc.(Dec.) |
| GWH Sales | | | | | | |
| Residential | 7,911 | 8,429 | (6.1%) | 21,139 | 21,503 | (1.7%) |
| General Service | 7,755 | 7,866 | (1.4%) | 20,833 | 20,860 | (0.1%) |
| Industrial - Textile | 1,237 | 1,386 | (10.7%) | 3,526 | 3,966 | (11.1%) |
| Industrial - Other | 4,891 | 5,009 | (2.4%) | 13,898 | 14,123 | (1.6%) |
| Total Industrial | 6,128 | 6,395 | (4.2%) | 17,424 | 18,089 | (3.7%) |
| Other Energy Sales | 71 | 69 | 3.3% | 213 | 208 | 2.4% |
| Regular Resale | 523 | 529 | (1.1%) | 1,341 | 1,304 | 2.9% |
| Total Regular Sales Billed | 22,389 | 23,287 | (3.9%) | 60,950 | 61,963 | (1.6%) |
| Special Sales | 1,148 | 724 | 58.7% | 5,324 | 4,245 | 25.4% |
| Total Electric Sales | 23,537 | 24,011 | (2.0%) | 66,274 | 66,208 | 0.1% |
| Unbilled Sales | (752) | (214) | (251.9%) | (399) | 1 | NA |
| Total Consolidated Electric Sales - Carolinas | 22,785 | 23,797 | (4.3%) | 65,875 | 66,209 | (0.5%) |
| Average Number of Customers | | | | | | |
| Residential | 2,015,424 | 1,985,445 | 1.5% | 2,009,610 | 1,976,213 | 1.7% |
| General Service | 334,699 | 330,251 | 1.3% | 332,160 | 328,426 | 1.1% |
| Industrial - Textile | 671 | 704 | (4.7%) | 674 | 723 | (6.8%) |
| Industrial - Other | 6,597 | 6,479 | 1.8% | 6,566 | 6,527 | 0.6% |
| Total Industrial | 7,268 | 7,183 | 1.2% | 7,240 | 7,250 | (0.1%) |
| Other Energy Sales | 13,687 | 13,401 | 2.1% | 13,641 | 13,391 | 1.9% |
| Regular Resale | 21 | 21 | 0.0% | 21 | 21 | 0.0% |
| Total Regular Sales | 2,371,099 | 2,336,301 | 1.5% | 2,362,672 | 2,325,301 | 1.6% |
| Special Sales | 31 | 30 | 3.3% | 34 | 34 | 0.0% |
| Total Avg Number of Customers - Carolinas | 2,371,130 | 2,336,331 | 1.5% | 2,362,706 | 2,325,335 | 1.6% |

(1) Amounts for prior periods have been recast to eliminate separate presentation of Nantahala amounts following the elimination of separate rates for Nantahala customers effective January 1, 2008.

Heating and Cooling Degree Days

Actual

| | | | | | | |
|---------------------|-----|-------|---------|-------|-------|---------|
| Heating Degree Days | 8 | 1 | 715.6% | 1,903 | 1,862 | 2.2% |
| Cooling Degree Days | 976 | 1,203 | (18.9%) | 1,521 | 1,740 | (12.6%) |

Variance from Normal

| | | | | | | |
|---------------------|---------|---------|-----|--------|--------|-----|
| Heating Degree Days | (59.1%) | (94.7%) | n/a | (1.6%) | (6.7%) | n/a |
| Cooling Degree Days | 2.4% | 25.0% | n/a | 8.3% | 21.9% | n/a |

Duke Energy - Midwest
Quarterly Highlights
Supplemental Franchised Electric Information
September 2008

| | Quarter-to-Date | | | Year-to-Date | | |
|---|-----------------|-----------|------------|--------------|-----------|------------|
| | 2008 | 2007 | % | 2008 | 2007 | % |
| | | | Inc.(Dec.) | | | Inc.(Dec.) |
| GWH Sales | | | | | | |
| Residential | 4,834 | 5,314 | (9.0%) | 13,987 | 14,515 | (3.6%) |
| General Service | 5,024 | 5,226 | (3.9%) | 13,941 | 14,087 | (1.0%) |
| Industrial | 4,477 | 4,692 | (4.6%) | 13,057 | 13,704 | (4.7%) |
| Other Energy Sales | 43 | 44 | (2.3%) | 130 | 131 | (0.8%) |
| Total Regular Electric Sales Billed | 14,378 | 15,276 | (5.9%) | 41,115 | 42,437 | (3.1%) |
| Special Sales | 2,232 | 1,999 | 11.7% | 6,845 | 6,563 | 4.3% |
| Total Electric Sales Billed - Midwest | 16,610 | 17,275 | (3.8%) | 47,960 | 49,000 | (2.1%) |
| Unbilled Sales | (44) | (45) | 2.2% | (100) | 38 | (363.2%) |
| Total Electric Sales - Midwest | 16,566 | 17,230 | (3.9%) | 47,860 | 49,038 | (2.4%) |
| Average Number of Customers | | | | | | |
| Residential | 1,399,932 | 1,397,131 | 0.2% | 1,404,914 | 1,399,772 | 0.4% |
| General Service | 184,822 | 183,808 | 0.6% | 184,798 | 183,476 | 0.7% |
| Industrial | 5,569 | 5,644 | (1.3%) | 5,598 | 5,660 | (1.1%) |
| Other Energy | 4,014 | 3,860 | 4.0% | 3,986 | 3,788 | 5.2% |
| Total Regular Sales | 1,594,337 | 1,590,443 | 0.2% | 1,599,296 | 1,592,696 | 0.4% |
| Special Sales | 38 | 35 | 8.6% | 38 | 31 | 22.6% |
| Total Avg Number Electric Customers - Midwest | 1,594,375 | 1,590,478 | 0.2% | 1,599,334 | 1,592,727 | 0.4% |
| Heating and Cooling Degree Days* | | | | | | |
| Actual | | | | | | |
| Heating Degree Days | 1 | 3 | (66.7%) | 2,528 | 2,478 | 2.0% |
| Cooling Degree Days | 753 | 1,009 | (25.4%) | 1,043 | 1,468 | (29.0%) |
| Variance from Normal | | | | | | |
| Heating Degree Days | (93.8%) | (81.3%) | n/a | 8.4% | 7.2% | n/a |
| Cooling Degree Days | 3.4% | 38.6% | n/a | 2.2% | 43.8% | n/a |

* Reflects HDD and CDD for Duke Energy - Indiana, Duke Energy - Ohio and Duke Energy - Kentucky

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

| | <u>Special Items (Note 1)</u> | | | | Discontinued Operations | Total Adjustments | Reported Earnings |
|--|-------------------------------|----------------------------------|-------------------------------|------------------------------------|-------------------------|-------------------|-------------------|
| | Adjusted Earnings | Costs to Achieve, Cinergy Merger | Settlement Reserve Adjustment | Economic Hedges (Mark-to-Market) * | | | |
| SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS | | | | | | | |
| U.S. Franchised Electric and Gas | \$ 760 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 760 |
| Commercial Power | 159 | - | - | 4 B | - | 4 | 163 |
| International Energy | 92 | - | - | - | - | - | 92 |
| Crescent | 10 | - | - | - | - | - | 10 |
| Total reportable segment EBIT | 1,021 | - | - | 4 | - | 4 | 1,025 |
| Other | (49) | (15) A | 20 A | - | - | 5 | (44) |
| Total reportable segment EBIT and other EBIT | \$ 972 | \$ (15) | \$ 20 | \$ 4 | \$ - | \$ 9 | \$ 981 |
| Interest Expense | (177) | - | - | - | - | - | (177) |
| Interest Income and Other | 73 | - | - | - | - | - | 73 |
| Income Taxes from Continuing Operations | (301) | 6 | (7) | (2) | - | (3) | (304) |
| Discontinued Operations, net of taxes | - | - | - | - | 34 C | 34 | 34 |
| Net Income | \$ 567 | \$ (9) | \$ 13 | \$ 2 | \$ 34 | \$ 40 | \$ 607 |
| EARNINGS PER SHARE, BASIC | \$ 0.45 | \$ (0.01) | \$ 0.01 | \$ - | \$ 0.03 | \$ 0.03 | \$ 0.48 |
| EARNINGS PER SHARE, DILUTED | \$ 0.45 | \$ (0.01) | \$ 0.01 | \$ - | \$ 0.03 | \$ 0.03 | \$ 0.48 |

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 - \$6 million gain recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$2 million loss 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.

Weighted Average Shares (reported and adjusted) - in millions

| | |
|---------|-------|
| Basic | 1,260 |
| Diluted | 1,265 |

* 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
September 2007 Year-to-Date
(Dollars in millions, except per-share amounts)

| | Special Items (Note 1) | | | | | | Discontinued Operations | Total Adjustments | Reported Earnings |
|--|------------------------|--------------------------------------|----------------------------------|--------------------|-------------------------------|------------------------------------|-------------------------|-------------------|-------------------|
| | Adjusted Earnings | Convertible Debt Costs, Gas Spin-off | Costs to Achieve, Cinergy Merger | IT Severance Costs | Settlement Reserve Adjustment | Economic Hedges (Mark-to-Market) * | | | |
| SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS | | | | | | | | | |
| U.S. Franchised Electric and Gas | \$ 1,786 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,786 |
| Commercial Power | 240 | - | - | - | - | - | B | - | 240 |
| International Energy | 283 | - | - | - | - | - | - | - | 283 |
| Crescent | 29 | - | - | - | - | - | - | - | 29 |
| Total reportable segment EBIT | 2,338 | - | - | - | - | - | - | - | 2,338 |
| Other | (143) | (21) D | (38) A | (12) | 20 A | - | - | (51) | (194) |
| Total reportable segment EBIT and other EBIT | \$ 2,195 | \$ (21) | \$ (38) | \$ (12) | \$ 20 | \$ - | \$ - | \$ (51) | \$ 2,144 |
| Interest Expense | (499) | - | - | - | - | - | - | - | (499) |
| Interest Income and Other | 159 | - | - | - | - | - | - | - | 159 |
| Income Taxes from Continuing Operations | (606) | - | 14 | 4 | (7) | - | - | 11 | (595) |
| Discontinued Operations, net of taxes | - | - | - | - | - | - | 48 C | 48 | 48 |
| Net Income | \$ 1,249 | \$ (21) | \$ (24) | \$ (8) | \$ 13 | \$ - | \$ 48 | \$ 8 | \$ 1,257 |
| EARNINGS PER SHARE, BASIC | \$ 0.99 | \$ (0.02) | \$ (0.02) | \$ - | \$ 0.01 | \$ - | \$ 0.04 | \$ 0.01 | \$ 1.00 |
| EARNINGS PER SHARE, DILUTED | \$ 0.99 | \$ (0.02) | \$ (0.02) | \$ - | \$ 0.01 | \$ - | \$ 0.03 | \$ - | \$ 0.99 |

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 - \$46 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$46 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 | 1,259 |
| 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
ADJUSTED TO REPORTED EARNINGS RECONCILIATION
September 2008 Quarter-to-Date
(Dollars in millions, except per-share amounts)

| | Special Items (Note 1) | | | | | | | Reported Earnings |
|--|------------------------|----------------------------------|------------------------------|--------------------------------|------------------------------------|-------------------------|-------------------|-------------------|
| | Adjusted Earnings | Costs to Achieve, Cinergy Merger | Crescent Project Impairments | Emission Allowances Impairment | Economic Hedges (Mark-to-Market) * | Discontinued Operations | Total Adjustments | |
| SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS | | | | | | | | |
| U.S. Franchised Electric and Gas | \$ 726 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 726 |
| Commercial Power | 93 | - | - | (82) E | (119) B | - | (201) | (108) |
| International Energy | 77 | - | - | - | - | - | - | 77 |
| Crescent | (10) | - | (114) D | - | - | - | (114) | (124) |
| Total reportable segment EBIT | 886 | - | (114) | (82) | (119) | - | (315) | 571 |
| Other | (60) | (11) A | - | - | - | - | (11) | (71) |
| Total reportable segment and Other EBIT | \$ 826 | \$ (11) | \$ (114) | \$ (82) | \$ (119) | \$ - | \$ (326) | \$ 500 |
| Interest Expense | (176) | - | - | - | - | - | - | (176) |
| Interest Income and Other | 24 | - | - | - | - | - | - | 24 |
| Income Taxes from Continuing Operations | (252) | 4 | 44 | 30 | 42 | - | 120 | (132) |
| Discontinued Operations, net of taxes | - | - | - | - | - | (1) C | (1) | (1) |
| Net Income | \$ 422 | \$ (7) | \$ (70) | \$ (52) | \$ (77) | \$ (1) | \$ (207) | \$ 215 |
| EARNINGS PER SHARE, BASIC | \$ 0.34 | \$ (0.01) | \$ (0.06) | \$ (0.04) | \$ (0.06) | \$ - | \$ (0.17) | \$ 0.17 |
| EARNINGS PER SHARE, DILUTED | \$ 0.33 | \$ (0.01) | \$ (0.05) | \$ (0.04) | \$ (0.06) | \$ - | \$ (0.16) | \$ 0.17 |

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

A - \$5 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 - \$45 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$74 million loss 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 Equity in earnings (loss) of unconsolidated affiliates on the Consolidated Statements of Operations.

E - Recorded in Impairment and other charges on the Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

| | |
|---------|-------|
| Basic | 1,265 |
| 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
September 2008 Year-to-Date
(Dollars in millions, except per-share amounts)

| | Special Items (Note 1) | | | | | | | Reported Earnings |
|--|------------------------|----------------------------------|------------------------------|--------------------------------|------------------------------------|-------------------------|-------------------|-------------------|
| | Adjusted Earnings | Costs to Achieve, Cinergy Merger | Crescent Project Impairments | Emission Allowances Impairment | Economic Hedges (Mark-to-Market) * | Discontinued Operations | Total Adjustments | |
| SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS | | | | | | | | |
| U.S. Franchised Electric and Gas | \$ 1,866 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,866 |
| Commercial Power | 320 | - | - | (82) E | 35 B | - | (47) | 273 |
| International Energy | 307 | - | - | - | - | - | - | 307 |
| Crescent | (16) | - | (214) D | - | - | - | (214) | (230) |
| Total reportable segment EBIT | 2,477 | - | (214) | (82) | 35 | - | (261) | 2,216 |
| Other | (196) | (34) A | - | - | - | - | (34) | (230) |
| Total reportable segment and Other EBIT | \$ 2,281 | \$ (34) | \$ (214) | \$ (82) | \$ 35 | \$ - | \$ (295) | \$ 1,986 |
| Interest Expense | (552) | - | - | - | - | - | - | (552) |
| Interest Income and Other | 104 | - | - | - | - | - | - | 104 |
| Income Taxes from Continuing Operations | (634) | 13 | 83 | 30 | (13) | - | 113 | (521) |
| Discontinued Operations, net of taxes | - | - | - | - | - | 14 C | 14 | 14 |
| Net Income | \$ 1,199 | \$ (21) | \$ (131) | \$ (52) | \$ 22 | \$ 14 | \$ (168) | \$ 1,031 |
| EARNINGS PER SHARE, BASIC | \$ 0.95 | \$ (0.02) | \$ (0.10) | \$ (0.04) | \$ 0.02 | \$ 0.01 | \$ (0.13) | \$ 0.82 |
| EARNINGS PER SHARE, DILUTED | \$ 0.95 | \$ (0.02) | \$ (0.10) | \$ (0.04) | \$ 0.01 | \$ 0.01 | \$ (0.14) | \$ 0.81 |

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

A - \$17 million recorded in Operation, maintenance and other and \$17 million recorded in Depreciation and amortization (all Operating Expenses) on the Consolidated Statements of Operations.

B - \$38 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$73 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 Equity in earnings (loss) of unconsolidated affiliates on the Consolidated Statements of Operations.

E - Recorded in Impairment and other charges 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
Diluted EPS Impact from Milder Weather and September 2008 Midwest Storm
Third Quarter of 2008 versus Third Quarter of 2007

| | <u>Pre-Tax</u> | <u>Tax Rate</u> | <u>Net</u> |
|--|-----------------|-----------------|------------------|
| USFE&G - Impact of Milder Weather in 2008 on Non-Fuel Revenues | \$ (111) | 39% | \$ (68) |
| USFE&G - September 2008 Storm Restoration Costs in Midwest | (48) | 39% | (29) |
| USFE&G - Lost Revenue due to Sustained Storm Outages in Sept. 2008 | (4) | 39% | (2) |
| Commercial Power - Milder Weather Impact on Native Load Margins | <u>(9)</u> | 36% | <u>(6)</u> |
| Total | <u>\$ (172)</u> | | \$ (105) |
| Weighted-average shares outstanding - diluted | | | 1,268 |
| Diluted EPS Impact for the Above Specific Items | | | <u>\$ (0.08)</u> |

Notes:

1) Management prepares its annual forecast of adjusted diluted EPS as a basis for employee incentive bonuses based in part on normalized weather patterns. In the third quarter of 2008, the Company incurred approximately \$50 million in restoration costs related to the worst storm-related outages ever recorded in the Midwest. Also, in the third quarter of 2007, record setting above-normal weather was experienced in the Carolinas and the Midwest. The milder weather in the third quarter of 2008 had the effect of an approximate \$120 million decrease in non-fuel operating revenues. These specific items resulted in a decline in adjusted diluted EPS in the third quarter of 2008 compared to the third quarter of 2007 of approximately 8 cents. Additional revenue and expense items that might have been attributable to the above-normal weather conditions in the third quarter of 2007, such as increased short-term incentive expense, are not included in the calculation of the 8 cents diluted EPS impact.

The diluted EPS impact of these specific items is a non-GAAP financial measure. The most directly comparable GAAP measure for the diluted EPS impact of the aforementioned specific items is reported diluted EPS from continuing operations, which is discussed further below. In the current quarter, given the record-setting nature of the aforementioned weather occurrences, management believes the presentation of the diluted EPS impact of these specific items provides useful supplemental information to investors, as it allows them to more accurately compare the company's performance on a weather normalized basis.

2) Reported diluted EPS for the third quarter of 2008 was \$0.17 as compared to \$0.48 for the third quarter of 2007. Adjusted diluted EPS for the third quarter of 2008 was \$0.33 as compared to \$0.45 for the third quarter of 2007. The aforementioned weather-related EPS impacts are reflected within these reported and adjusted results for the third quarter of 2008 and 2007. The most directly comparable GAAP measure for adjusted diluted EPS and the diluted EPS impact of the aforementioned specific items is reported diluted EPS from continuing operations. A reconciliation of adjusted diluted EPS to reported diluted EPS is included with these materials.