

Duke Energy Corporation
Non-GAAP Reconciliations
Second Quarter 2007 Earnings Review
August 7, 2007

Ongoing Diluted Earnings per Share (“EPS”)

The slides and prepared remarks for Duke Energy Corporation’s (“Duke Energy”) Second Quarter 2007 Earnings Review include a discussion of ongoing diluted EPS for the three and six month periods ended June 30, 2007 and 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.

2007 Employee EPS Incentive Target Measure

The slides and prepared remarks for Duke Energy’s Second Quarter 2007 Earnings Review include a discussion of management’s current belief that, given the results for the six months ended June 30, 2007 and with normal weather the rest of the year and a continuing focus on operations and cost management, Duke Energy is in a strong position to exceed 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. 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.

The discussion of the company's 2007 employee EPS incentive target of \$1.15 also includes a reference to management’s expectation for earnings, on a normalized basis, in the second half of the year to be greater than the first half of the year, as well as a reference to the third quarter representing the strongest quarter, contributing roughly one-third of total ongoing earnings for the year. These references are to 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 seasonality expectations regarding ongoing diluted EPS to seasonality expectations for the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast special items for future periods.

Ongoing Segment and Other EBIT

The slides and prepared remarks for Duke Energy's Second Quarter 2007 Earnings Review include a discussion of ongoing segment EBIT, including diluted-EPS-equivalent amounts, and ongoing Other EBIT, for certain periods. Also included in the prepared remarks is a reference to management's current expectation that the Midwest gas-fired generation assets will have ongoing EBIT losses of about one-half of the original projected 2007 ongoing EBIT losses of \$60 million for this component of the Commercial Power segment, and the current expectation that the Midwest gas-fired generation assets will reach their break-even point by 2009, on an ongoing EBIT basis. Ongoing segment and Other EBIT are non-GAAP financial measures as they represent reported segment and Other EBIT 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 and Other EBIT are reported segment and Other EBIT, which represent EBIT 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.

Ongoing Diluted EPS Growth Rates through 2009

The slides and prepared remarks for Duke Energy's Second Quarter 2007 Earnings Review include a discussion of the expected range of growth in ongoing diluted EPS through 2009. These 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 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.

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

	<u>Special Items (Note 1)</u>					Total Adjustments	Reported Earnings
	Ongoing Earnings	Costs to Achieve, Cinergy Merger	Impairment of Campeche Investment	Discontinued Operations			
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS							
U.S. Franchised Electric and Gas	\$ 351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 351
Commercial Power	20	-	-	-	-	-	20
International Energy	79	-	(55) B	-	(55)	(55)	24
Crescent	174	-	-	-	-	-	174
Total reportable segment EBIT	<u>624</u>	<u>-</u>	<u>(55)</u>	<u>-</u>	<u>(55)</u>	<u>(55)</u>	<u>569</u>
Other	(77)	(74) A	-	-	(74)	(74)	(151)
Total reportable segment EBIT and Other EBIT	\$ 547	\$ (74)	\$ (55)	\$ -	\$ (129)	\$ (129)	\$ 418
Interest Expense	(185)	-	-	-	-	-	(185)
Interest Income and Other	14	-	-	-	-	-	14
Income Taxes from Continuing Operations	(77)	26	-	-	26	26	(51)
Discontinued Operations, net of taxes	-	-	-	159 C,D	159	159	159
Net Income	<u>\$ 299</u>	<u>\$ (48)</u>	<u>\$ (55)</u>	<u>\$ 159</u>	<u>\$ 56</u>	<u>\$ 56</u>	<u>\$ 355</u>
EARNINGS PER SHARE, BASIC	<u>\$ 0.24</u>	<u>\$ (0.04)</u>	<u>\$ (0.04)</u>	<u>\$ 0.13</u>	<u>\$ 0.05</u>	<u>\$ 0.05</u>	<u>\$ 0.29</u>
EARNINGS PER SHARE, DILUTED	<u>\$ 0.24</u>	<u>\$ (0.04)</u>	<u>\$ (0.04)</u>	<u>\$ 0.12</u>	<u>\$ 0.04</u>	<u>\$ 0.04</u>	<u>\$ 0.28</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 - \$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 - 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	1,238
Diluted	1,259

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

	<u>Special Items (Note 1)</u>					Reported Earnings
	Ongoing Earnings	Costs to Achieve, Cinergy Merger	Impairment of Campeche Investment	Discontinued Operations	Total Adjustments	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS						
U.S. Franchised Electric and Gas	\$ 710	\$ -	\$ -	\$ -	\$ -	\$ 710
Commercial Power	(7)	-	-	-	-	(7)
International Energy	165	-	(55) B	-	(55)	110
Crescent	216	-	-	-	-	216
Total reportable segment EBIT	1,084	-	(55)	-	(55)	1,029
Other	(126)	(78) A	-	-	(78)	(204)
Total reportable segment EBIT and Other EBIT	\$ 958	\$ (78)	\$ (55)	\$ -	\$ (133)	\$ 825
Interest Expense	(288)	-	-	-	-	(288)
Interest Income and Other	21	-	-	-	-	21
Income Taxes from Continuing Operations	(186)	27	-	-	27	(159)
Discontinued Operations, net of taxes	-	-	-	314 C,D	314	314
Net Income	\$ 505	\$ (51)	\$ (55)	\$ 314	\$ 208	\$ 713
EARNINGS PER SHARE, BASIC	\$ 0.47	\$ (0.05)	\$ (0.05)	\$ 0.29	\$ 0.19	\$ 0.66
EARNINGS PER SHARE, DILUTED	\$ 0.46	\$ (0.05)	\$ (0.05)	\$ 0.28	\$ 0.18	\$ 0.64

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 - \$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 - 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	1,083
Diluted	1,111

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

	<u>Special Items (Note 1)</u>					Total Adjustments	Reported Earnings
	Ongoing Earnings	Costs to Achieve, Cinergy Merger	IT Severance Costs	Discontinued Operations			
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS							
U.S. Franchised Electric and Gas	\$ 452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 452
Commercial Power	35	-	-	-	-	-	35
International Energy	97	-	-	-	-	-	97
Crescent	17	-	-	-	-	-	17
Total reportable segment EBIT	601	-	-	-	-	-	601
Other	(42)	(12) ^A	(12) ^A	-	-	(24)	(66)
Total reportable segment and Other EBIT	\$ 559	\$ (12)	\$ (12)	\$ -	\$ -	\$ (24)	\$ 535
Interest Expense	(160)	-	-	-	-	-	(160)
Interest Income and Other	47	-	-	-	-	-	47
Income Taxes from Continuing Operations	(127)	4	4	-	-	8	(119)
Discontinued Operations, net of taxes	-	-	-	(10) ^B	-	(10)	(10)
Net Income	\$ 319	\$ (8)	\$ (8)	\$ (10)	\$ -	\$ (26)	\$ 293
EARNINGS PER SHARE, BASIC							
	\$ 0.25	\$ -	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.02)	\$ 0.23
EARNINGS PER SHARE, DILUTED							
	\$ 0.25	\$ -	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.02)	\$ 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 - 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 1,267

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

	<u>Special Items (Note 1)</u>						Reported Earnings
	Ongoing Earnings	Convertible Debt Costs, Gas Spin-off	Costs to Achieve, Cinergy Merger	IT Severance Costs	Discontinued Operations	Total Adjustments	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS							
U.S. Franchised Electric and Gas	\$ 1,026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,026
Commercial Power	26	-	-	-	-	-	26
International Energy	191	-	-	-	-	-	191
Crescent	19	-	-	-	-	-	19
Total reportable segment EBIT	<u>1,262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,262</u>
Other	(94)	(21) B	(23) A	(12) A	-	(56)	(150)
Total reportable segment and Other EBIT	\$ 1,168	\$ (21)	\$ (23)	\$ (12)	\$ -	\$ (56)	\$ 1,112
Interest Expense	(324)	-	-	-	-	-	(324)
Interest Income and Other	88	-	-	-	-	-	88
Income Taxes from Continuing Operations	(236)	-	8	4	-	12	(224)
Discontinued Operations, net of taxes	-	-	-	-	(2) C	(2)	(2)
Net Income	\$ 696	\$ (21)	\$ (15)	\$ (8)	\$ (2)	\$ (46)	\$ 650
EARNINGS PER SHARE, BASIC	\$ 0.56	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.04)	\$ 0.52
EARNINGS PER SHARE, DILUTED	\$ 0.55	\$ (0.02)	\$ (0.01)	\$ (0.01)	\$ -	\$ (0.04)	\$ 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 - 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	1,267

Duke Energy Corporation
Reported and Ongoing Segment EBIT - EPS Equivalents
Second Quarter 2007 vs. 2006
(in millions, except per-share amounts)

Segment	Reported					Ongoing				
	2Q 2007	2Q 2006	Difference	Tax Effect	EPS Impact	2Q 2007	2Q 2006	Difference	Tax Effect	EPS Impact
U.S. Franchised Electric and Gas	\$ 452	\$ 351	\$ 101	\$ (39)	\$0.05	\$ 452	\$ 351	\$ 101	\$ (39)	\$0.05
Commercial Power	35	20	15	(6)	0.01	35	20	15	(6)	0.01
International Energy	97	24	73	(5) (b)	0.05	97	79 (a)	18	(5)	0.01
Subtotal	<u>584</u>	<u>395</u>	<u>189</u>		<u>0.11</u>	<u>584</u>	<u>450</u>	<u>134</u>		<u>0.07</u>
Crescent	17	174	(157)	58	(0.08)	17	174	(157)	58	(0.08)
Total Reportable Segments	<u>\$ 601</u>	<u>\$ 569</u>	<u>\$ 32</u>		<u>\$0.03</u>	<u>\$ 601</u>	<u>\$ 624</u>	<u>\$ (23)</u>		<u>\$ (0.01)</u>

Notes

(a) Different between reported amount of \$24 million and ongoing amount of \$79 million represents 2006 impairment of Campeche investment of \$55 million.

(b) Tax effect reflects non-deductibility of \$55 million Campeche impairment discussed in note (a) above.

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

Cash and Cash Equivalents	\$611	
Short-Term Investments	<u>1,022</u>	
Subtotal	1,633	
Short-term Commercial Paper Outstanding (a)	<u>(729)</u>	
Net Cash Balance (b)	<u><u>\$904</u></u>	(Approximately \$900)

- (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.