

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Second Quarter Earnings Review & Business Update**  
**August 2, 2011**

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

The materials for Duke Energy Corporation’s (“Duke Energy”) Second Quarter Earnings Review and Business Update on August 2, 2011, include a discussion of adjusted diluted EPS for the quarters and year-to-date periods ended June 30, 2011 and 2010. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation common shareholders, 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, although it is reasonably possible such charges and credits could recur. 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 or regulatory accounting, used in Duke Energy’s hedging of a portion of the economic value of certain 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 attributable to Duke Energy Corporation common shareholders, which includes the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Reconciliations of adjusted diluted EPS to the most directly comparable GAAP measures for the quarters and year-to-date periods ended June 30, 2011 and 2010, are included below.

**2011 Adjusted Diluted EPS Outlook**

The materials for Duke Energy’s Second Quarter Earnings Review and Business Update on August 2, 2011, include a discussion of the forecasted 2011 adjusted diluted EPS outlook range of \$1.35-\$1.40 per share, which is consistent with the 2011 employee incentive earnings target. The materials also reference the forecasted range of growth of 4%-6% in adjusted diluted EPS (on a compound annual growth rate (“CAGR”) basis) from a base of adjusted diluted EPS for 2009 of \$1.22. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, 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, although it is reasonably possible such charges and credits could recur. 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 or regulatory accounting treatment, 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 attributable to Duke Energy Corporation common shareholders, 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 for 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 project special items or mark-to-market adjustments for future periods.

### **Adjusted Segment EBIT and Adjusted Other Net Expenses for 2011 and 2010 and Forecasted Adjusted Segment EBIT and Adjusted Other Net Expenses for 2011**

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 2, 2011 include a discussion of adjusted segment EBIT and adjusted Other net expenses for the quarters and year-to-date periods ended June 30, 2011 and 2010, and a discussion of forecasted 2011 adjusted segment EBIT and adjusted Other net expenses.

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 income attributable to non-controlling interests. 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 also uses adjusted segment EBIT and adjusted Other net expenses as a measure of historical and anticipated future segment and Other performance. When used for future periods, adjusted segment EBIT and adjusted Other net expenses may also include any amounts that may ultimately be reported as discontinued operations or extraordinary items.

Adjusted segment EBIT and adjusted Other net expenses are non-GAAP financial measures as they represent reported segment EBIT and Other net expenses adjusted for the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Special items represent certain charges and credits which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. 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 or regulatory accounting, used in Duke Energy's hedging of a portion of the economic value of certain of its generation assets in the Commercial Power segment (as discussed above under "Adjusted Diluted Earnings per Share ('EPS')"). Management believes that the presentation of adjusted segment EBIT and adjusted Other net expenses provides useful information to investors, as it provides them an additional relevant comparison of a segment's or Other's performance across periods. The most directly comparable GAAP measures for adjusted segment EBIT and adjusted Other net expenses are reported segment EBIT and Other net expenses, which represent segment and Other results from continuing operations, including any special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Reconciliations of adjusted segment EBIT and adjusted Other net expenses to the most directly comparable GAAP measures for the quarters and year-to-date periods ended June 30, 2011 and 2010, are included below. Due to the forward-looking nature of this non-GAAP financial measure for full year 2011, 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.

### **Ohio Customer Switching Impacts to Diluted Earnings per Share**

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 2, 2011, include a discussion of the fact that the Midwest Generation component of the Commercial Power segment has had certain customers switch away from Duke Energy Ohio's Electric Security Plan offering to alternative electricity generation providers. Certain of these customers have been acquired by Duke Energy Retail Sales ("DERS"). DERS operates as Duke Energy's competitive retail arm in Ohio. DERS revenue

pricing is generally significantly lower than the revenue pricing under the Electric Security Plan. As of June 30, 2011, approximately 67% of Electric Security Plan customer load has switched to alternative energy providers, and approximately 60% of that switched customer load has been acquired by DERS, for a net switching percentage of approximately 28%. The level of customer switching in Ohio began to stabilize in the third and fourth quarters of 2010 and this stabilization has continued through June 30, 2011. The diluted earnings per share impact of net customer switching was approximately \$0.06 per share in 2010, and Duke Energy continues to forecast an incremental \$0.05-\$0.06 per share impact in 2011 to come from annualizing the impact of the Ohio customer switching that occurred during 2010. The diluted earnings per share impact of net customer switching is primarily calculated by first multiplying lost Electric Security Plan volume in megawatt-hours (MWh) by the difference between the average Electric Security Plan operating revenue amount per MWh less the average expense per MWh for fuel used in electric generation and purchased power ("Electric Security Plan lost margin"). This Electric Security Plan lost margin amount is then offset by the average gross margin (calculated in a similar manner as described above) earned on additional wholesale market sales forecasted as a result of less generation being dedicated to Electric Security Plan customers. Additionally, Electric Security Plan lost gross margin is further offset by DERS gross margin (operating revenues less purchased power costs). DERS gross margin is primarily derived from contracts related to customer load acquired that were historically supplied under the Electric Security Plan offering, but also includes DERS margin from customer contracts outside of Duke Energy's native territory in Ohio. DERS margin is reduced by the amount of its related transmission and other operating expenses. The net of these amounts is then tax affected at an approximate 35% tax rate and divided by weighted-average diluted shares outstanding to determine the estimated impact of customer switching to diluted earnings per share. This calculated estimate of the earnings per share impact of customers switching is meant to approximate the entire impact to diluted earnings per share; however, given the potential indirect effects of customer switching to items such as operation, maintenance and other expenses, management is unable to calculate the exact impact of customer switching to diluted earnings per share.

The impacts of customer switching in 2011 are embedded within the 2011 reported and adjusted diluted earnings per share amounts discussed in the section entitled "Adjusted Diluted Earnings per Share ('EPS')." The forecasted continued impacts of customer switching in 2011, based on current full year levels, are embedded within the 2011 adjusted diluted EPS outlook range of \$1.35-\$1.40 per share, discussed in the section entitled "2011 Adjusted Diluted EPS Outlook."

### **Dividend Payout Ratio**

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 2, 2011, include a discussion of Duke Energy's anticipated long-term dividend payout ratio of 65-70% based upon adjusted diluted EPS. This payout ratio is a non-GAAP financial measure as it is based upon forecasted diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, adjusted for the per-share impact of special items and the mark-to-market impacts of economic hedges 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 attributable to Duke Energy Corporation common shareholders, 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 for 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 project special items or mark-to-market adjustments for future periods.

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
**Three Months Ended June 30, 2011**  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items (Note 1)  Costs to Achieve, Progress Merger	Reported Earnings
<b><i>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</i></b>			
U.S. Franchised Electric and Gas	\$ 619	\$ -	\$ 619
Commercial Power	59	-	59
International Energy	179	-	179
<b>Total reportable segment EBIT</b>	<b>857</b>	<b>-</b>	<b>857</b>
<b>Other</b>	<b>(52)</b>	<b>(5) A</b>	<b>(57)</b>
<b>Total reportable segment and Other EBIT</b>	<b>\$ 805</b>	<b>\$ (5)</b>	<b>\$ 800</b>
Interest Expense	(203)	-	(203)
Interest Income and Other	36	-	36
Income Taxes from Continuing Operations	(193)	1	(192)
Less: Net Income Attributable to Non-controlling Interests	6	-	6
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 439</b>	<b>\$ (4)</b>	<b>\$ 435</b>
<b><i>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</i></b>			
	<b>\$ 0.33</b>	<b>\$ -</b>	<b>\$ 0.33</b>
<b><i>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</i></b>			
	<b>\$ 0.33</b>	<b>\$ -</b>	<b>\$ 0.33</b>

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

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

Weighted Average Shares (reported and adjusted) - in millions

Basic 1,332

Diluted 1,333

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Three Months Ended June 30, 2010  
(Dollars in millions, except per-share amounts)

	Special Items (Note 1)							Reported Earnings
	Adjusted Earnings	Costs to Achieve, Cinergy Merger	Voluntary Opportunity Plan/Office Consolidation Costs	Goodwill and Other Impairments	Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>								
U.S. Franchised Electric and Gas	\$ 671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671
Commercial Power	89	-	-	(660) E	(33) B	-	(693)	(604)
International Energy	126	-	-	-	-	-	-	126
<b>Total reportable segment EBIT</b>	<b>886</b>	<b>-</b>	<b>-</b>	<b>(660)</b>	<b>(33)</b>	<b>-</b>	<b>(693)</b>	<b>193</b>
Other	(39)	(7) A	(76) D	-	-	-	(83)	(122)
<b>Total reportable segment EBIT and Other EBIT</b>	<b>\$ 847</b>	<b>\$ (7)</b>	<b>\$ (76)</b>	<b>\$ (660)</b>	<b>\$ (33)</b>	<b>\$ -</b>	<b>\$ (776)</b>	<b>\$ 71</b>
Interest Expense	(212)	-	-	-	-	-	-	(212)
Interest Income and Other	39	-	-	-	-	-	-	39
Income Taxes from Continuing Operations	(216)	2	29	58	11	-	100	(116)
Discontinued Operations, net of taxes	-	-	-	-	-	1 C	1	1
Less: Net Income Attributable to Noncontrolling Interests	5	-	-	-	-	-	-	5
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 453</b>	<b>\$ (5)</b>	<b>\$ (47)</b>	<b>\$ (602)</b>	<b>\$ (22)</b>	<b>\$ 1</b>	<b>\$ (675)</b>	<b>\$ (222)</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>								
	<b>\$ 0.34</b>	<b>\$ -</b>	<b>\$ (0.04)</b>	<b>\$ (0.46)</b>	<b>\$ (0.01)</b>	<b>\$ -</b>	<b>\$ (0.51)</b>	<b>\$ (0.17)</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>								
	<b>\$ 0.34</b>	<b>\$ -</b>	<b>\$ (0.04)</b>	<b>\$ (0.46)</b>	<b>\$ (0.01)</b>	<b>\$ -</b>	<b>\$ (0.51)</b>	<b>\$ (0.17)</b>

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

A - \$6 million expense recorded in Depreciation and amortization and \$1 million expense recorded in Operation, maintenance and other (all Operating Expenses) on the Condensed Consolidated Statements of Operations.

B - \$38 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$5 million gain recorded within Fuel used in electric generation and purchased power-non-regulated (Operating Expenses) on the Condensed Consolidated Statements of Operations.

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

D - \$73 million recorded in Operation, maintenance and other (all Operating Expenses) and \$3 million recorded in Property and other taxes on the Condensed Consolidated Statements of Operations.

E- Recorded in Goodwill and other impairment charges on the Condensed Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,314
Diluted	1,314

\* Represents the mark-to-market impact of derivative contracts in the non-native portfolio, which is recognized in earnings immediately as such derivative contracts do not qualify for hedge or regulatory accounting, used in Duke Energy Corporation'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 Attributable to Duke Energy Corporation provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy Corporation's performance across periods.

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Six Months Ended June 30, 2011  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items (Note 1)		Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Economic Hedges (Mark-to-Market) *		
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>					
U.S. Franchised Electric and Gas	\$ 1,331	\$ -	\$ -	\$ -	\$ 1,331
Commercial Power	154	-	(4) B	(4)	150
International Energy	359	-	-	-	359
<b>Total reportable segment EBIT</b>	<b>1,844</b>	<b>-</b>	<b>(4)</b>	<b>(4)</b>	<b>1,840</b>
Other	(86)	(16) A	-	(16)	(102)
<b>Total reportable segment and Other EBIT</b>	<b>\$ 1,758</b>	<b>\$ (16)</b>	<b>\$ (4)</b>	<b>\$ (20)</b>	<b>\$ 1,738</b>
Interest Expense	(422)	-	-	-	(422)
Interest Income and Other	63	-	-	-	63
Income Taxes	(429)	3	1	4	(425)
Less: Net Income Attributable to Noncontrolling Interests	8	-	-	-	8
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 962</b>	<b>\$ (13)</b>	<b>\$ (3)</b>	<b>\$ (16)</b>	<b>\$ 946</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 0.72</b>	<b>\$ (0.01)</b>	<b>\$ -</b>	<b>\$ (0.01)</b>	<b>\$ 0.71</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.72</b>	<b>\$ (0.01)</b>	<b>\$ -</b>	<b>\$ (0.01)</b>	<b>\$ 0.71</b>

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

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

B - \$2 million loss 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-non-regulated (Operating Expenses) on the Condensed Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,331
Diluted	1,332

\* Represents the mark-to-market impact of derivative contracts in the non-native portfolio, which is recognized in earnings immediately as such derivative contracts do not qualify for hedge or regulatory accounting, used in Duke Energy Corporation'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 Attributable to Duke Energy Corporation provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy Corporation's performance across periods.

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Six Months Ended June 30, 2010  
(Dollars in millions, except per-share amounts)

	Special Items (Note 1)							Reported Earnings
	Adjusted Earnings	Costs to Achieve, Cinergy Merger	Voluntary Opportunity Plan/ Office Consolidation Costs	Goodwill and Other Impairments	Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	
<b>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</b>								
U.S. Franchised Electric and Gas	\$ 1,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,415
Commercial Power	189	-	-	(660) E	(4) B	-	(664)	(475)
International Energy	266	-	-	-	-	-	-	266
<b>Total reportable segment EBIT</b>	<b>1,870</b>	<b>-</b>	<b>-</b>	<b>(660)</b>	<b>(4)</b>	<b>-</b>	<b>(664)</b>	<b>1,206</b>
Other	(110)	(14) A	(144) D	-	-	-	(158)	(268)
<b>Total reportable segment and Other EBIT</b>	<b>\$ 1,760</b>	<b>\$ (14)</b>	<b>\$ (144)</b>	<b>\$ (660)</b>	<b>\$ (4)</b>	<b>\$ -</b>	<b>\$ (822)</b>	<b>\$ 938</b>
Interest Expense	(422)	-	-	-	-	-	-	(422)
Interest Income and Other	53	-	-	-	-	-	-	53
Income Taxes from Continuing Operations	(462)	5	56	58	1	-	120	(342)
Discontinued Operations, net of taxes	-	-	-	-	-	1 C	1	1
Less: Net Income Attributable to Noncontrolling Interests	5	-	-	-	-	-	-	5
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 924</b>	<b>\$ (9)</b>	<b>\$ (88)</b>	<b>\$ (602)</b>	<b>\$ (3)</b>	<b>\$ 1</b>	<b>\$ (701)</b>	<b>\$ 223</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 0.70</b>	<b>\$ (0.01)</b>	<b>\$ (0.06)</b>	<b>\$ (0.46)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0.53)</b>	<b>\$ 0.17</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.70</b>	<b>\$ (0.01)</b>	<b>\$ (0.06)</b>	<b>\$ (0.46)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (0.53)</b>	<b>\$ 0.17</b>

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

A - \$12 million recorded in Depreciation and amortization and \$2 million recorded in Operation, maintenance and other (all Operating Expenses) on the Condensed Consolidated Statements of Operations.

B - \$17 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$13 million gain recorded within Fuel used in electric generation and purchased power-non-regulated (Operating Expenses) on the Condensed Consolidated Statements of Operations.

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

D - \$138 million recorded in Operation, maintenance and other (all Operating Expenses) and \$6 million recorded in Property and other taxes on the Condensed Consolidated Statements of Operations.

E - Recorded in Goodwill and other impairment charges on the Condensed Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,312
Diluted	1,313

\* Represents the mark-to-market impact of derivative contracts in the non-native portfolio, which is recognized in earnings immediately as such derivative contracts do not qualify for hedge or regulatory accounting, used in Duke Energy Corporation'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 Attributable to Duke Energy Corporation provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy Corporation's performance across periods.

**Duke Energy Corporation**  
**2011 Forecasted Cash Flow Reconciliation, Required by SEC Regulation G**  
**Second Quarter Earnings Review and Business Update**  
**August 2, 2011**  
**(\$ in millions)**

	<b>Forecast</b>	
	<b>2011</b>	
<b>Primary Sources:</b>		
Adjusted net income (1)	(a) \$ 1,825	
Depreciation & amortization	(a) 2,000	
Deferred and accrued taxes	(a) 910	
Other sources / (uses), net	(a) (600)	
Total Sources	<u>4,135</u>	
<b>Primary Uses:</b>		
Capital and investment expenditures	(b) (5,000)	
Dividends	(c) (1,320)	
Pension plan contributions	(a) (200)	
Total Uses	<u>(6,520)</u>	
<b>Uses in Excess of Sources</b>	<u>(2,385)</u>	
Debt maturities	(c) (210)	
<b>Required Funding</b>	<u>(2,595)</u>	
Debt issuances	(c),(d) 2,195	
Equity issued from internal plans	(c) -	
Utilization of cash	(e) 400	
<b>Total Financings and Cash Utilization</b>	<u>\$ 2,595</u>	
<b>Reconciliations to forecasted U.S. GAAP reporting amounts:</b>		
Operating cash flow components, sum of (a) from above	\$ 3,935	
Reconciling items to GAAP cash flows from operating activities	(2),(3) (75)	▲
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 3,860</u>	
Investing cash flow components, (b) from above	\$ (5,000)	
Reconciling items to GAAP cash flows from investing activities	(2) 70	▲
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (4,930)</u>	
Financing cash flow components, sum of (c) from above	\$ 665	
Reconciling items to GAAP cash flows from financing activities	(3) 5	
Net cash used in financing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 670</u>	
<i>Issuances of Debt [(d) from above] includes "Notes payable and commercial paper" which is separately presented per GAAP Consolidated Statements of Cash Flows</i>		
Utilization of cash [(e) from above] is the equivalent of Net decrease in cash and cash equivalents per forecasted GAAP Consolidated Statements of Cash Flows	<u>\$ (400)</u>	

**Notes:**

(1) The forecasted adjusted net income of \$1,825 million for 2011 is an illustrative amount based on the midpoint of Duke Energy's adjusted diluted EPS outlook range of \$1.35-\$1.40 per share, which is consistent with the 2011 employee incentive earnings target. The EPS measure used for employee incentive compensation is primarily based on adjusted diluted EPS. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, 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, although it is reasonably possible such charges and credits could recur. 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 or regulatory accounting treatment, 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 attributable to Duke Energy Corporation common shareholders, 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 for 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 project special items or mark-to-market adjustments for future periods.

(2) Amount consists primarily of an adjustment for investing cash flow items (principally sales of equity method investments and other assets) included in the "Other sources/(uses), net", which are combined for the GAAP reconciliation in Operating activities.

(3) Amount consists primarily of net other financing activities including debt issues, debt retirements, changes in amounts of commercial paper outstanding, and other.

**Duke Energy Corporation**  
**Available Liquidity Reconciliation**  
**As of June 30, 2011**  
**(In millions)**

Cash and Cash Equivalents	\$1,362
Less: Amounts Held in Foreign Jurisdictions	<u>(931)</u>
	\$431
Plus: Remaining Availability under Master Credit and Regional Bank Credit Facilities	<u>2,465</u>
Total Available Liquidity as of June 30, 2011 (a)	<u><u>\$2,896</u></u>

(a) The available liquidity balance presented is a non-GAAP financial measure as it represents cash and cash equivalents (excluding amounts held in foreign jurisdictions) and remaining availability under the master credit and regional bank credit facilities. The most directly comparable GAAP financial measure for available liquidity is cash and cash equivalents.