



SECOND QUARTER Earnings Review and Business Update August 2, 2011

Jim Rogers
Chairman, President and Chief Executive Officer

Lynn Good
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SAFE HARBOR STATEMENT

This document 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," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," 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, as well as rulings 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 or decline in Duke Energy Corporation's (Duke Energy) service territories, customer base or customer usage patterns; 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 storms, hurricanes, droughts and tornadoes; the impact on the Duke Energy's facilities and business from a terrorist attack; the inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks; 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 performance of electric generation facilities and of projects undertaken by Duke Energy's non-regulated businesses; 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 creditworthiness 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; 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 ratepayers in a timely manner or at all; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; the expected timing and likelihood of completion of the proposed merger with Progress Energy, Inc. (Progress Energy), including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed merger that could reduce anticipated benefits or cause the parties to abandon the merger, the diversion of management's time and attention from Duke Energy's ongoing business during this time period, the ability to maintain relationships with customers, employees or suppliers as well as the ability to successfully integrate the businesses and realize cost savings and any other synergies and the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect; the risk that the proposed merger with Progress Energy is terminated prior to completion and results in significant transaction costs to Duke Energy; and the ability to successfully complete merger, acquisition or divestiture plans. These risks, as well as other risks associated with the merger, are more fully discussed in the joint proxy statement/prospectus that is included in the Registration Statement on Form S-4 that was filed with the SEC in connection with the merger. Additional risks and uncertainties are identified and discussed in Progress Energy's and Duke Energy's reports filed with the SEC and available at the SEC's website at www.sec.gov. 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.

SAFE HARBOR (CONT'D)

REG G DISCLOSURE

In addition, today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures is available on our Investor Relations website at www.duke-energy.com/investors/.

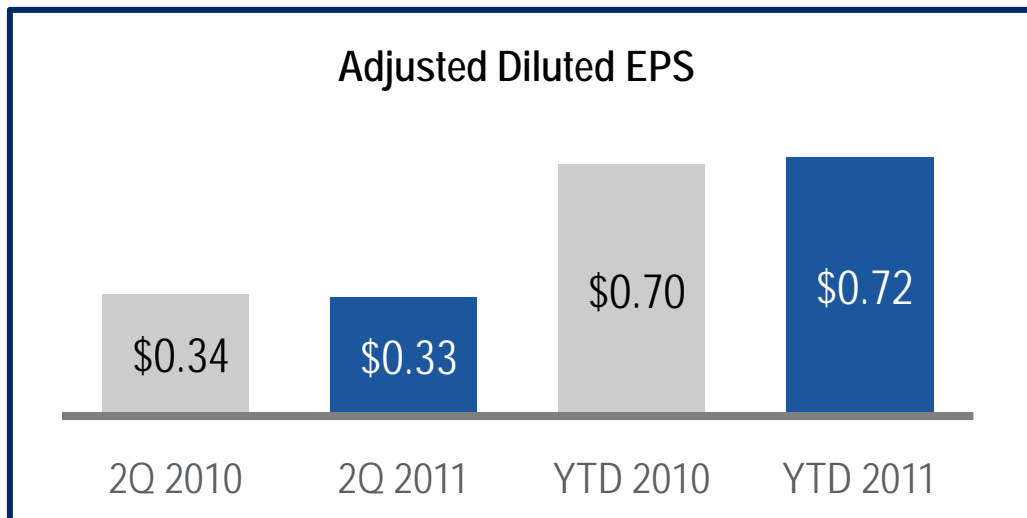
ADDITIONAL INFORMATION ON THE MERGER AND WHERE TO FIND IT

In connection with the proposed merger between Duke Energy and Progress Energy, Duke Energy filed with the SEC a Registration Statement on Form S-4 that includes a joint proxy statement of Duke Energy and Progress Energy and that also constitutes a prospectus of Duke Energy. The Registration Statement was declared effective by the SEC on July 7, 2011. Duke Energy and Progress Energy mailed the definitive joint proxy statement/prospectus to their respective shareholders on or about July 11, 2011. Duke Energy and Progress Energy urge investors and shareholders to read the Registration Statement, including the joint proxy statement/prospectus that is a part of the Registration Statement, as well as other relevant documents filed with the SEC, because they contain important information. You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC's website (www.sec.gov). You may also obtain these documents, free of charge, from Duke Energy's website (www.duke-energy.com) under the heading "Investors" and then under the heading "Financials/SEC Filings." You may also obtain these documents, free of charge, from Progress Energy's website (www.progress-energy.com) under the tab "Our Company" by clicking on "Investor Relations," then by clicking on "Corporate Profile" and then by clicking on "SEC Filings."

TOPICS FOR TODAY'S CALL

- 2Q 2011 earnings review and financial update
- Status of merger filings
- Status of major construction projects
- ESP filing in Ohio
- North Carolina rate case
- Proposed EPA regulations
- Nuclear outlook
- Duke Energy's key priorities

2Q 2011 EARNINGS: PROGRESS ON EARNINGS OBJECTIVES



2011 Status

**On-Track to Achieve
\$1.35 - \$1.40 EPS***

* Based on Adjusted Diluted EPS

Reported to Adjusted Reconciliation	2Q11	2Q10
Reported Diluted Income (Loss) per Share	\$ 0.33	\$ (0.17)
Adjustments to Reported:		
Mark-to-Market Impact of Economic Hedges	--	0.01
Goodwill and Other Impairments	--	0.46
Voluntary Opportunity Plan/Office Consolidation	--	0.04
Adjusted Diluted EPS	\$ 0.33	\$ 0.34

2Q 2011 EARNINGS SUMMARY AND DRIVERS

Adjusted Segment EBIT (in millions)	2Q11	2Q10
US Franchised Electric and Gas	\$ 619	\$ 671
Commercial Power	59	89
International	179	126
Total Business Segments	\$ 857	\$ 886
Other	(52)	(39)
Total	\$ 805	\$ 847

USFE&G Adjusted Segment EBIT Drivers – 2Q11

- ▼ Increased O&M costs, primarily from storm restoration – (\$80M)
- ▼ Less favorable weather – (\$31M)
- ▲ Increased pricing and AFUDC, primarily from ongoing modernization programs in the Carolinas and Indiana – \$49M

Commercial Power Adjusted Segment EBIT Drivers – 2Q11

- ▼ Effect of customer switching in Ohio, net of retention by Duke Energy Retail – (\$49M)
- ▼ Impairment of Vermillion gas plant – (\$9M)
- ▲ Improved results for the Midwest gas assets – \$24M

International Adjusted Segment EBIT Drivers – 2Q11

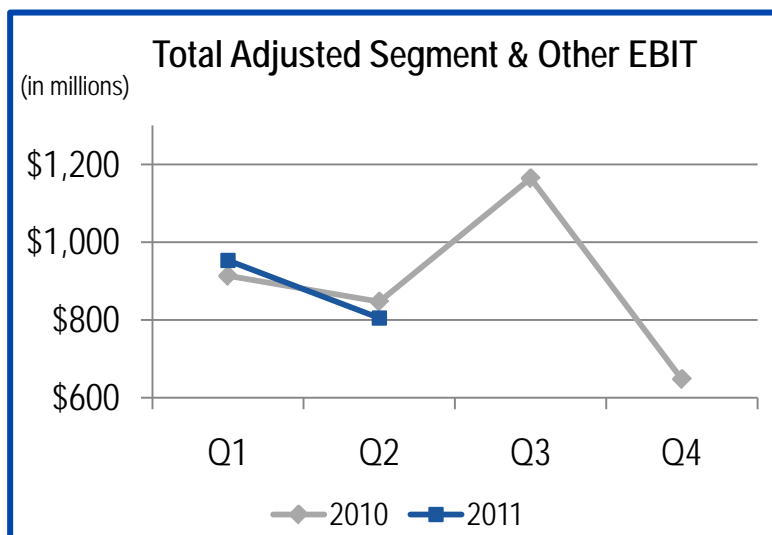
- ▲ Improved results in Central America – \$19M
- ▲ Increased earnings from NMC – \$13M
- ▲ Improved results in Brazil, primarily due to favorable pricing – \$12M
- ▲ Favorable foreign currency exchange rates – \$9M

Other Adjusted EBIT Driver – 2Q11

- ▼ Higher captive insurance losses – \$8M

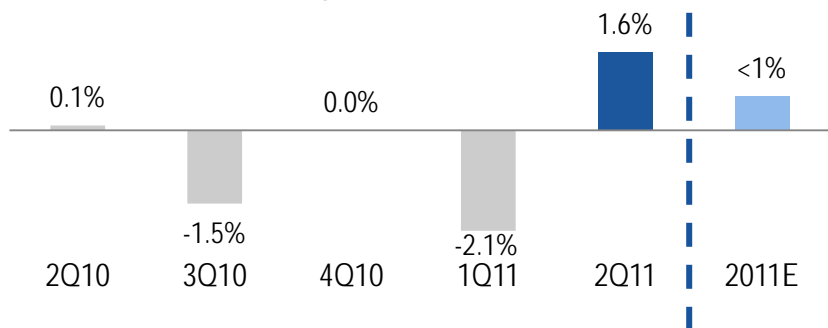
Additional Earnings Drivers – 2Q11

- ▲ Decreased interest expense, net – \$9M
- ▲ Adjusted effective tax rate – decrease from 32% in 2Q10 to 30% in 2Q11

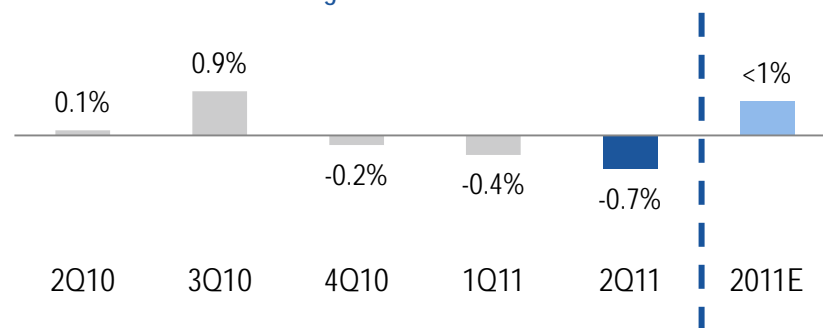


NORMALIZED VOLUME TRENDS – USFE&G

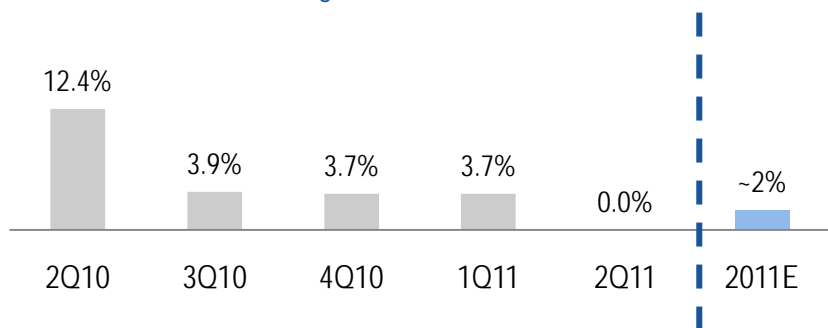
Residential
Change vs. Prior Year Quarter



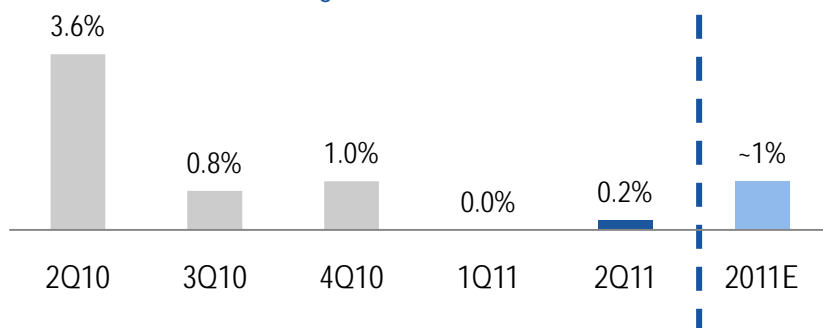
Commercial
Change vs. Prior Year Quarter



Industrial
Change vs. Prior Year Quarter



USFE&G Total
Change vs. Prior Year Quarter



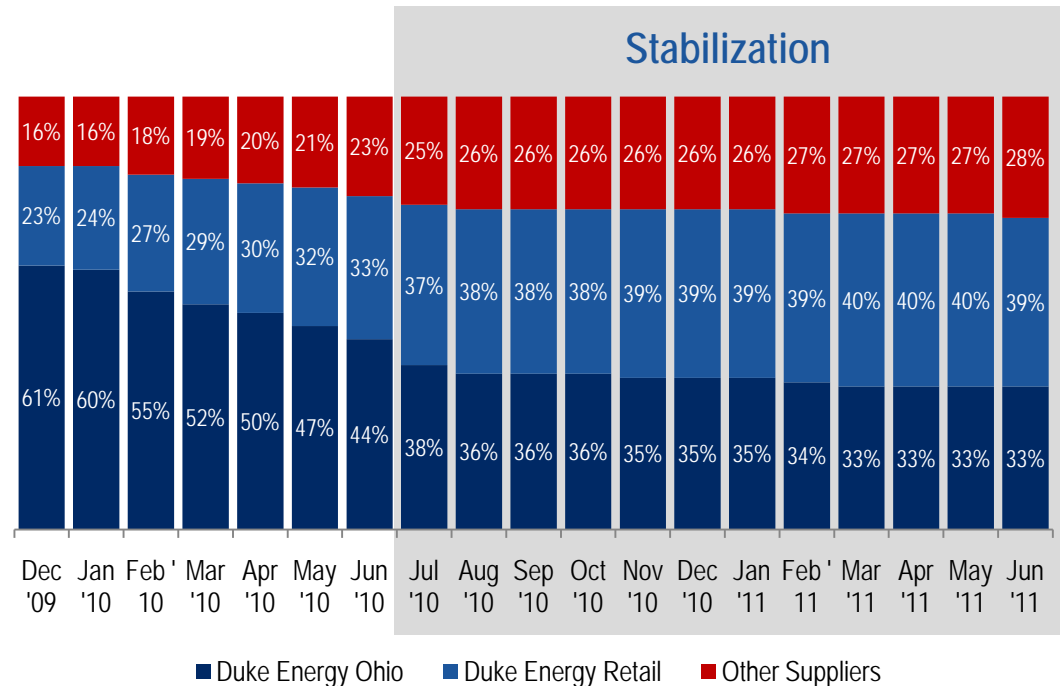
Volume trends are on a weather-normalized basis

DUKE ENERGY OHIO CUSTOMER SWITCHING UPDATE



- Customer switching levels remained stable during 2Q 2011
- As of June 30, 2011
 - ~67% gross switching
 - ~28% switching, net of Duke Energy Retail
- Approximately 72% of the Duke Energy Ohio service territory generation continues to be served by Duke Energy Ohio or Duke Energy Retail

DE Ohio Generation Providers
(based on customer load)



STATUS OF MERGER FILINGS (As of August 2, 2011)



Stakeholder	Progress on Key Milestones	Filed	Approved
Shareholder	<ul style="list-style-type: none"> S-4 declared effective by SEC on July 7, 2011 Joint proxy statement /prospectus mailed to shareholders beginning July 11, 2011 Special shareholder meetings scheduled for August 23, 2011 	<input checked="" type="checkbox"/>	Declared Effective <input type="checkbox"/>
Department of Justice (DOJ)	<ul style="list-style-type: none"> The parties have met their obligations under the Hart-Scott-Rodino Act, which is no longer a bar to closing the transaction 	<input checked="" type="checkbox"/>	Waiting Period Expired
Federal Communications Commission (FCC)	<ul style="list-style-type: none"> Received approval of Assignment of Authorization filings on July 27, 2011 	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Federal Energy Regulatory Commission (FERC)	<ul style="list-style-type: none"> Filed merger approval application and related filings on April 4, 2011 Intervention period expired June 3, 2011 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Nuclear Regulatory Commission (NRC)	<ul style="list-style-type: none"> Filed for indirect transfer of Progress Energy licenses on March 30, 2011 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
North Carolina	<ul style="list-style-type: none"> Filed merger approval application on April 4, 2011 Filed direct testimony on May 20, 2011 Hearing scheduled for September 20, 2011 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
South Carolina	<ul style="list-style-type: none"> Submitted merger-related filing on April 25, 2011 	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Kentucky	<ul style="list-style-type: none"> Filed merger approval application on April 4, 2011 Filed settlement agreement with Attorney General on June 27, 2011 Settlement hearing held July 8, 2011 	<input checked="" type="checkbox"/>	<input type="checkbox"/>

STATUS OF MAJOR CONSTRUCTION PROJECTS (As of June 30, 2011)



Edwardsport – Indiana

90% Complete

- 618 MW IGCC facility
- Expected in-service in 2012
- Cost increase pending before the IURC

Cliffside – Carolinas

88% Complete

- 825 MW advanced clean-coal unit
- Expected in-service in 2012
- Project is on budget

Buck – Carolinas

89% Complete

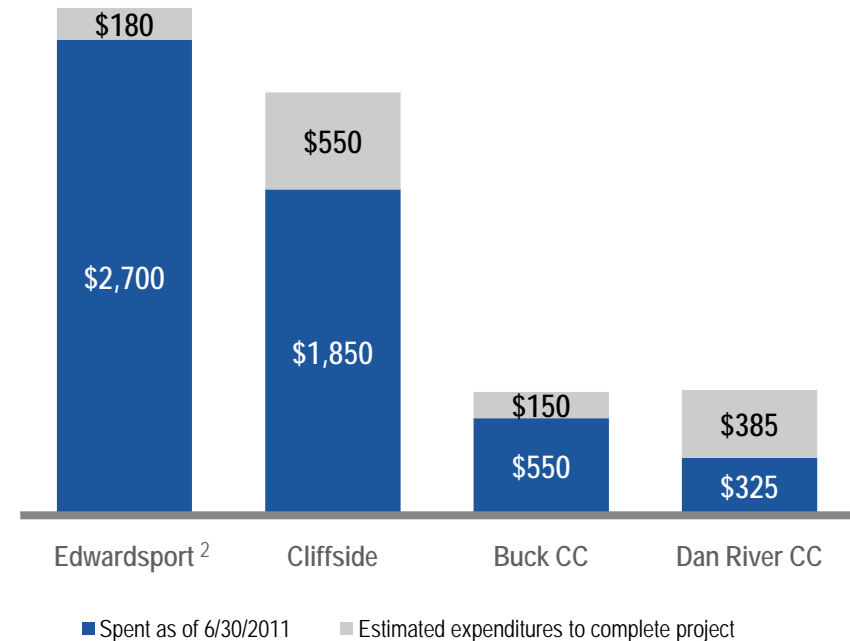
- 620 MW combined-cycle gas-fired plant
- Expected in-service in 2011
- Project is on budget

Dan River – Carolinas

51% Complete

- 620 MW combined-cycle gas-fired plant
- Expected in-service in 2012
- Project is on budget

USFE&G Major Construction Projects¹



¹ \$ in millions, project costs include direct capital and AFUDC

² Costs based on cost estimate filed in April 2010. In June 2011, DE Indiana filed testimony in connection with IGCC 7 that included an update on the current cost forecast. The updated forecast included increased costs of approximately \$100 million for labor productivity trends and approximately \$115 million for AFUDC increases resulting from the delay in CWIP riders that have not been processed and approved to date. Notwithstanding this revised forecast, DE Indiana has not revised its previous cost estimate of \$2.72 billion (excluding AFUDC) because it believes it is probable it will be able to mitigate these incremental costs.

DUKE ENERGY OHIO PROPOSED ESP BALANCES STAKEHOLDER OBJECTIVES



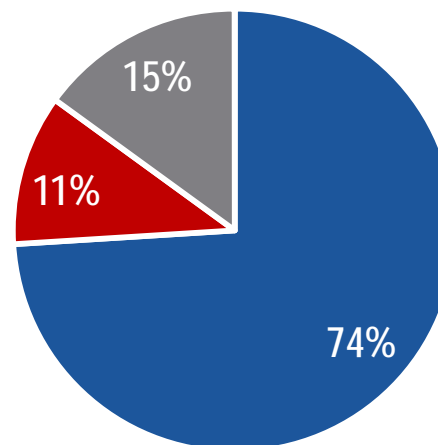
Stakeholder	Benefits of Proposed ESP
<p>CUSTOMERS</p> <ul style="list-style-type: none">▪ Retain ability to choose energy providers▪ Receive reasonable and stable pricing for an extended period▪ Benefit from profit sharing mechanism	<ul style="list-style-type: none">✓ ESP term of 9 years, 5 months✓ Mitigates future exposure to high market prices✓ Receive 76% of net profits from energy sales
<p>DUKE ENERGY OHIO</p> <ul style="list-style-type: none">▪ Recovers costs and earns fair returns▪ Enables investment in generation assets, clean energy, and future demand	<ul style="list-style-type: none">✓ Non-bypassable charge for capacity✓ Creates rate structure that allows utility to attract capital necessary for long-term investments
<p>STATE OF OHIO</p> <ul style="list-style-type: none">▪ Preserves competitive markets▪ Supports economic development in DE-Ohio's service territory▪ Promotes environment for job creation	<ul style="list-style-type: none">✓ Provides structure for investment and job creation in Southwest Ohio✓ Fund established to attract and retain industries and jobs in Southwest Ohio

NORTH CAROLINA RATE CASE

Major Components of Filing

- On July 1, Duke Energy Carolinas filed a rate case with the North Carolina Utilities Commission (NCUC) to request an average 15% increase in retail revenues, or ~\$646 million
- The filing is premised upon the following:
 - Return on equity of 11.5%
 - 53% equity component of capital structure
 - North Carolina retail rate base of \$11.2 billion as of December 31, 2010 and adjusted for known and measurable changes
- If approved by the NCUC, rates are expected to go into effect in February 2012

Rate Case Drivers



- Capital investments and costs associated with system modernization
- Adjustment to reflect lower sales volumes
- Changes in other general and financing costs, including the request to increase the ROE

CROSS-STATE AIR POLLUTION RULE (CSAPR)

- In July, the EPA issued CSAPR, regulating emissions of SO₂ and NO_x
- Final rule is more stringent in many respects than the proposed Clean Air Transport Rule (CATR)
 - Retained 2012 compliance deadline, but reduces the allocation of allowances and limits interstate trading
 - Significant emissions trading penalty for contributing to a state's exceeding its emissions threshold (3-for-1 allowance surrender)
 - Second round of NO_x reductions to begin in 2014
- 2012 compliance deadline does not allow adequate time to install additional controls, to the extent necessary
 - Immediate trading restrictions and lower emissions allocations could increase the cost of compliance and/or restrict operation of certain units in the short-term



The financial impact of CSAPR remains within the range of our long-term planning assumptions



NRC Task Force Review

- U.S. nuclear plants are continually upgraded to ensure safe operations (e.g., upgrades after 9/11)
- Immediately following the Fukushima crisis, we took action to reconfirm the availability of systems to mitigate extreme events
- Duke Energy will work collaboratively with the U.S. nuclear industry to identify appropriate long-term enhancements resulting from lessons learned

New Nuclear Development Activities

- Signed letter of intent with Santee Cooper to evaluate purchasing a potential minority interest stake of 5 - 10% in the V.C. Summer project
- Proposed Lee Nuclear Station project remains on schedule for receipt of its combined construction and operating license in 2013

DUKE ENERGY'S KEY PRIORITIES



CURRENT

- Merger approvals
- Constructive regulatory outcomes
- Progress on modernization program
- Constructive Ohio SSO agreement

Achieve adjusted earnings growth of 4% – 6%

Continue to grow the dividend

ONGOING

- Cost control
- Operational excellence
- Environmental compliance
- Balance sheet strength

APPENDIX

Item	Slides
Update on Key 2011 Assumptions	17
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UPDATE ON KEY ASSUMPTIONS FOR 2011



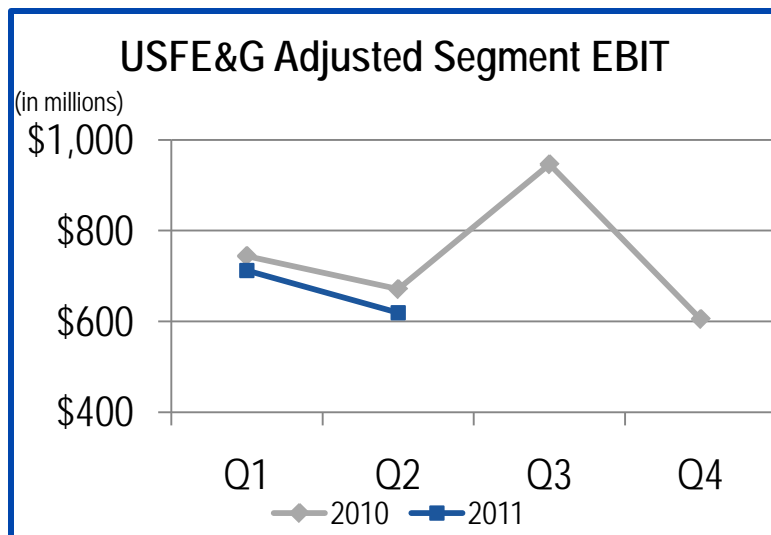
(\$ in Millions)	2011 FY Assumptions	2011 YTD (thru 6/30/11)
USFE&G Adjusted Segment EBIT	\$2,995	\$1,331
Commercial Power Adjusted Segment EBIT	\$215	\$154
International Adjusted Segment EBIT	\$550	\$359
Other Adjusted Net Expense	\$220	\$86
Interest Expense	\$920	\$422
Debt AFUDC and Capitalized Interest	\$120	\$84
AFUDC Equity	\$230	\$123
Effective Tax Rate	32%	31% ¹
Capital Expenditures	\$4,450 - \$5,000	\$1,991

¹ Duke Energy's expectation for the full-year 2011 effective tax rate remains 32%

US FRANCHISED ELECTRIC AND GAS



Reported & Adjusted Segment EBIT				
	2Q11	2Q10	YTD 2011	YTD 2010
<i>(\$ in Millions)</i>				
Reported Segment EBIT	\$ 619	\$ 671	\$1,331	\$1,415
Adjustments	--	--	--	--
Adjusted Segment EBIT	\$ 619	\$ 671	\$1,331	\$1,415



Quarter-over-Quarter Drivers

Adjusted segment EBIT decreased primarily due to:

- \$80 million in increased O&M costs, primarily due to storm restoration
- \$31 million due to less favorable weather

Partially offset by:

- \$49 million due to increased pricing and AFUDC, primarily from ongoing modernization programs in the Carolinas and Indiana

KEY REGULATORY FILINGS AND DATES

IGCC CWIP Riders – Indiana

- Docket: 43114-IGCC 5; 43114-IGCC 6; and 43114-IGCC 7
 - September 22 – Intervenors’ testimony due for IGCC 7
 - October 13 – Duke rebuttal testimony due for IGCC 7
 - November 17 – Evidentiary hearings for IGCC 5
 - November 21 – Evidentiary hearings for IGCC 6
 - December 13 – Evidentiary hearings for IGCC 7

IGCC Cost Update – Indiana

- Docket: 43114 – IGCC 4S1
- Phase I (Cost Increase Request):
 - August 3 – Duke rebuttal testimony due
 - October 26 – Evidentiary hearings begin
- Phase II (Allegations of fraud, concealment and/or gross mismanagement):
 - September 9 – Duke’s rebuttal testimony due
 - October 7 – Intervenors’ rebuttal testimony due
 - November 3 – Evidentiary hearings begin

SmartGrid – Indiana

- Docket: 43501
 - Hearings held July 29, 2010; awaiting IURC order

Gallagher/Vermillion – Indiana

- Docket: 43956
 - August 17 – Intervenors’ testimony due
 - September 13 – Duke rebuttal testimony due
 - September 26 – Evidentiary hearings begin

January 2009 Ice Storm Deferral Request – Indiana

- Docket: 43743
 - Hearings held June 9; awaiting IURC order

Merger Approval – Carolinas

- NC Docket: E-7, Sub 986
 - August 26 – Intervenors’ and staff testimony due
 - September 13 – Duke rebuttal testimony due
 - September 20 – Evidentiary hearings begin
- SC Docket: 2011-158-E
 - No procedural schedule has been set yet in SC

Merger Approval – Kentucky

- Docket: 2011-00124
 - Hearings held July 8; awaiting KPSC order

ESP – Ohio

- Docket: 11-3549-EL-SSO
 - September 7 – Intervenors’ testimony due
 - September 14 – Staff testimony due
 - September 20 – Evidentiary hearings begin

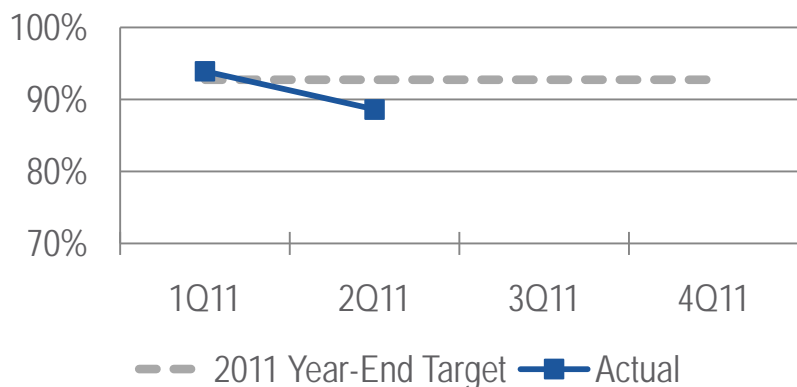
Rate Cases – Carolinas

- NC Docket: E-7, Sub 989
 - October 24 – Intervenors’ and Staff testimony due
 - November 8 – Duke rebuttal testimony due
 - November 28 – Evidentiary hearings begin
- SC Docket: 2011-271-E
 - July 1 – Duke filed notice of rate case

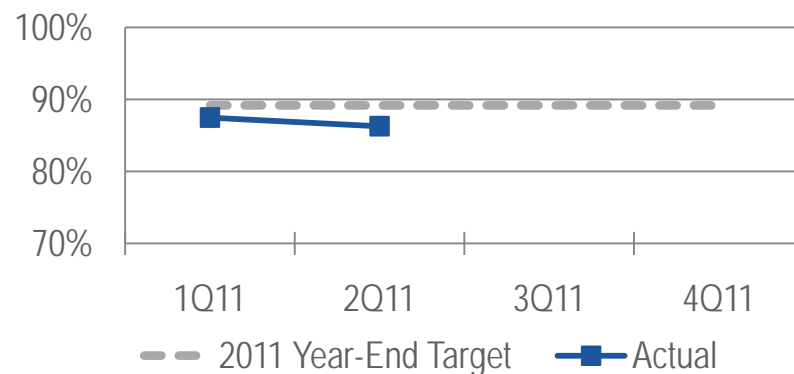
MAINTAIN FOCUS ON OPERATIONAL PERFORMANCE



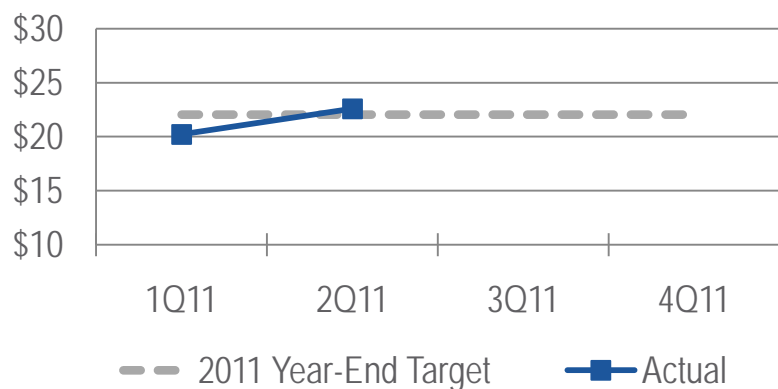
Nuclear Generation Capacity Factor



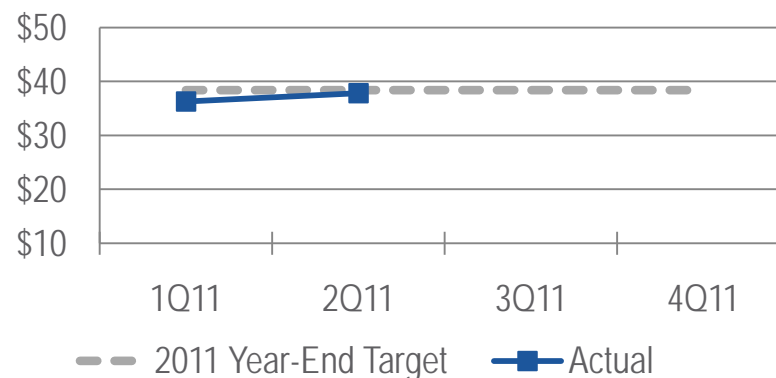
Fossil Generation Commercial Availability



Nuclear Total Operating Cost – \$/MWh



Total Fossil Production Costs – \$/MWh

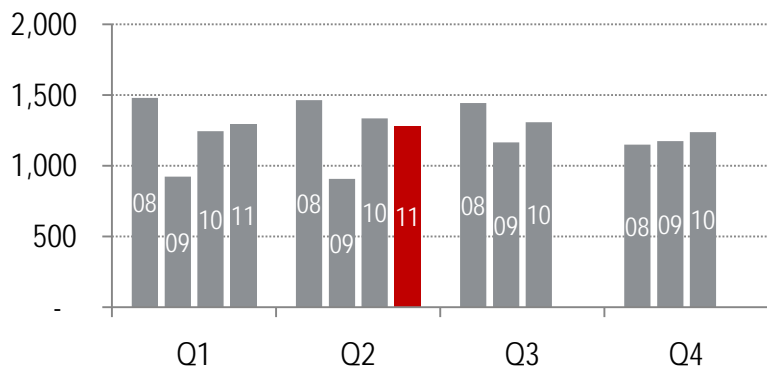


Note: All 2011 actual numbers are presented on a YTD basis

INDUSTRIAL VOLUME QUARTERLY TRENDS

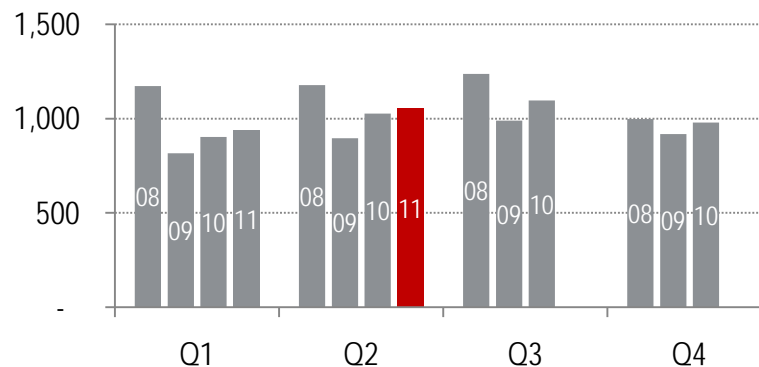
Primary Metals

Billed GwH



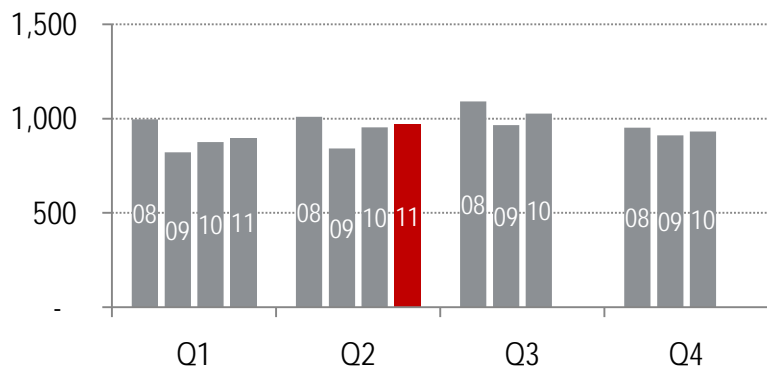
Textiles

Billed GwH



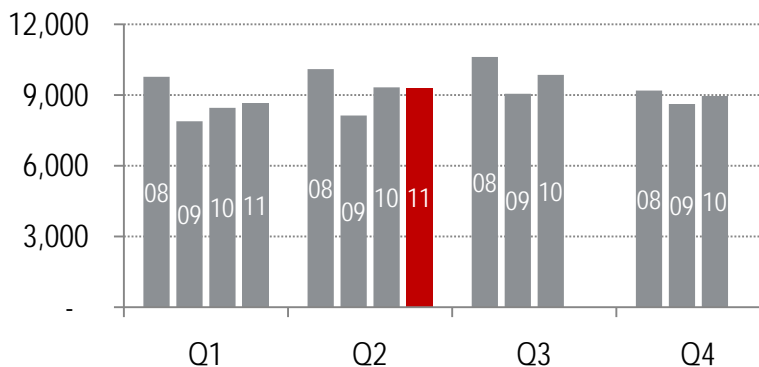
Chemicals

Billed GwH



Total Industrial

Billed GwH



USFE&G QUARTERLY WEATHER IMPACTS



(\$ in Millions)

Weather EBIT to Normal:	2011	2010
First Quarter	\$ --	\$ 60
Second Quarter	\$ 50	\$ 80
Third Quarter		\$120
Fourth Quarter		\$ 60
Year-to-Date	\$ 50	\$320

Note: Favorable/(Unfavorable)

Key Weather Data (2Q2011)

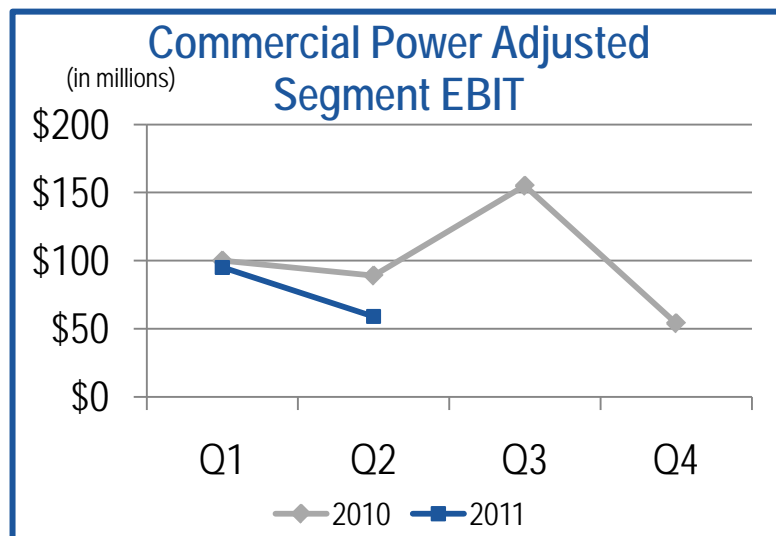
- ▶ Carolinas experienced the fifth warmest June on record
- ▶ Heating Degree Days
 - Carolinas – 166 (24% lower than normal)
 - Midwest – 214 (9% lower than normal)
- ▶ Cooling Degree Days
 - Carolinas – 628 (31% higher than normal)
 - Midwest – 372 (17% higher than normal)

COMMERCIAL POWER



Reported & Adjusted Segment EBIT

(\$ in Millions)	2Q11	2Q10	YTD 2011	YTD 2010
Reported Segment EBIT	\$ 59	\$ (604)	\$ 150	\$ (475)
Adjustments	--	693	4	664
Adjusted Segment EBIT	\$ 59	\$ 89	\$ 154	\$ 189



Year-over-Year Drivers

Adjusted segment EBIT decreased primarily due to:

- \$49 million in lower volumes as a result of customer switching in Ohio, net of retention by Duke Energy Retail and additional wholesale margins
- \$9 million impairment of Vermillion gas plant

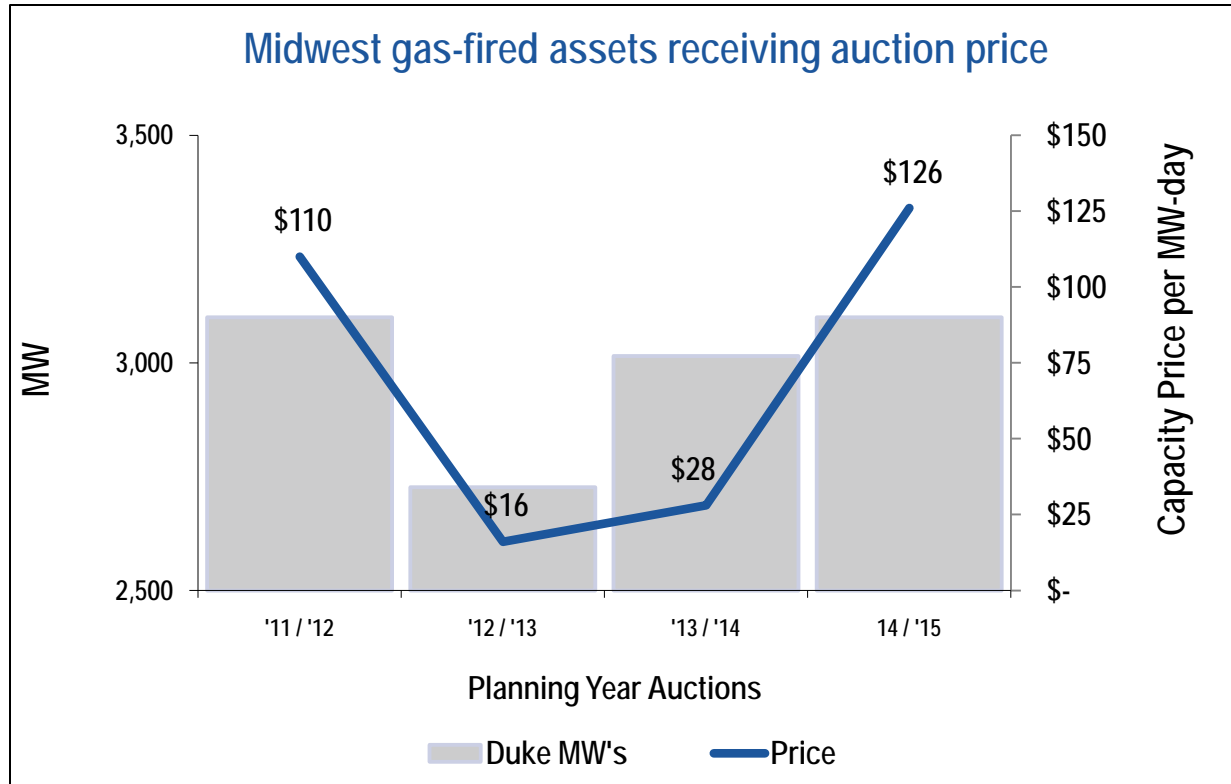
Partially offset by:

- \$24 million from improved results for the Midwest gas assets

2Q 2010 Adjustments:

- \$660 million goodwill and other asset impairments
- \$33 million due to mark-to-market losses on economic hedges

2014/15 PJM AUCTION RESULTS

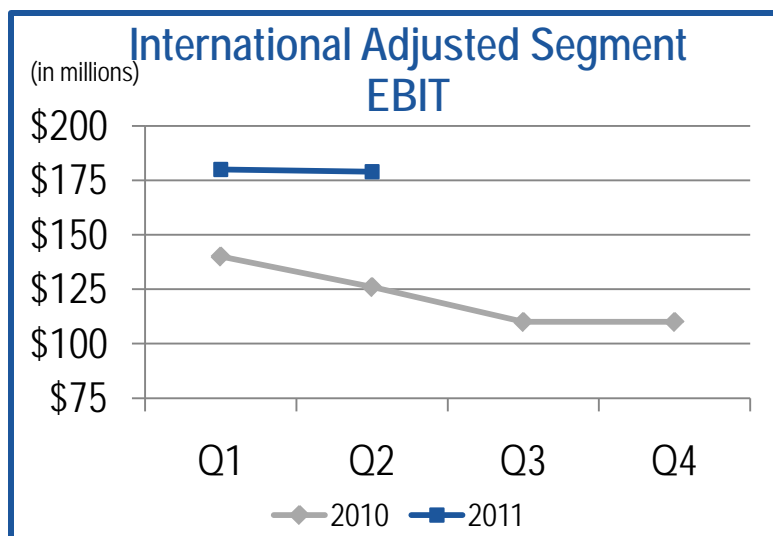


2014/2015 Auction Results:

- ~3,100 MWs receives Base Residual Auction pricing

Reported & Adjusted Segment EBIT

(\$ in Millions)	2011	2Q10	YTD 2011	YTD 2010
Reported Segment EBIT	\$ 179	\$ 126	\$ 359	\$ 266
Adjustments	--	--	--	--
Adjusted Segment EBIT	\$ 179	\$ 126	\$ 359	\$ 266



Year-over-Year Drivers

Adjusted segment EBIT increased primarily due to:

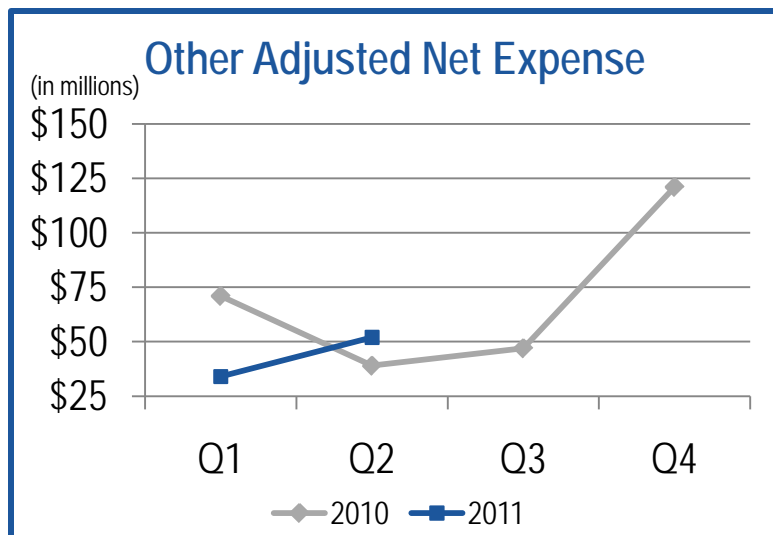
- \$19 million improved results in Central America
- \$13 million increased contribution from NMC
- \$12 million improved results in Brazil, primarily due to favorable pricing
- \$9 million favorable currency exchange rates

Key Earnings Sensitivity Ratios:

- An approximate \$10/barrel change in the average annual price of WTI crude oil has roughly a US\$0.01 EPS impact annually.
- Every 10% change in BRL/US\$ exchange rates (full year) drives a US\$0.01 EPS impact

Reported & Adjusted Net Expense (Income)

(\$ in Millions)	2Q11	2Q10	YTD 2011	YTD 2010
Reported Net Expense (Income)	\$ 57	\$ 122	\$ 102	\$ 268
Adjustments	(5)	(83)	(16)	(158)
Adjusted Net Expense	\$ 52	\$ 39	\$ 86	\$ 110



Year-over-Year Drivers

Adjusted Net Expense decreased primarily due to:

- \$8 million due to higher captive insurance losses

2Q 2011 Adjustments:

- (\$5) million costs-to-achieve Progress Energy merger

2Q 2010 Adjustments:

- (\$76) million voluntary separation and office consolidation costs
- (\$7) million costs-to-achieve Cinergy merger

PENDING ENVIRONMENTAL REGULATIONS



Coal Combustion Residuals (CCR)

- Regulates coal combustion residuals (e.g., coal ash)
- New rule proposed in June 2010
- Final rule expected in 2012 or 2013
- Potential impacts to Duke Energy
 - Close or upgrade wet ash ponds
 - Upgrade wet ash handling to dry
 - New wastewater treatment

Cross-State Air Pollution Rule (CSAPR)

- Regulates SO₂ and NO_x
- Proposed as Transport Rule in August 2010
- Final rule issued in July 2011
- Impacts to Duke Energy
 - Potential additional air emissions control equipment
 - Potential acceleration of unit retirements beyond current plans
 - Compliance operating challenges beginning in 2012

Air Toxics Rule

- Utility boiler Maximum Achievable Control Technology (MACT) rule regulating Hazardous Air Pollutants (e.g., mercury and non-mercury HAPs)
- New rule proposed in May 2011
- Final rule expected in late 2011
- Potential impacts to Duke Energy
 - Additional air emissions control equipment
 - Particulate matter compliance challenges
 - Acceleration of unit retirements beyond current plans

316(b) Cooling Water Intake Structures Rule

- Targets minimizing the impact to aquatic life from the location or operation of cooling water intake structures
- New rule proposed in April 2011
- Final rule expected in July 2012
- Potential impacts to Duke Energy
 - Modification of existing cooling water intake structures
 - Cooling tower installations
 - Acceleration of unit retirements beyond current plans

PENDING EPA REGULATIONS WILL IMPACT U.S. GENERATION



Major Regulations

Coal Combustion Residuals (Coal Ash)

Cross-State Air Pollution Rule

Air Toxics Rule

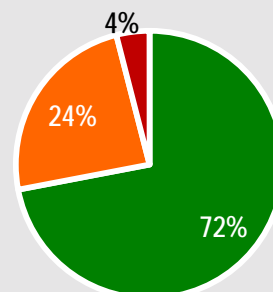
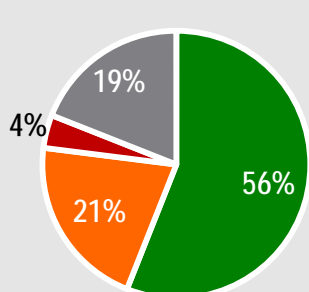
Cooling Water Intake Structures Rule

Duke Energy Domestic Generation

Coal Generation Profile

TODAY – 16.7 GW

POST MODERNIZATION* – 15.0 GW



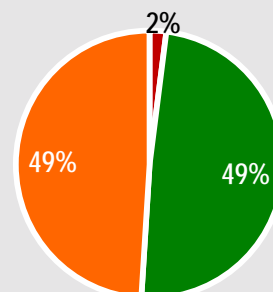
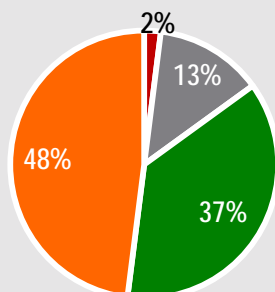
■ Scrubbed and SCR
■ Scrubbed, No SCR

■ No Scrubber, No SCR – Under Evaluation
■ Expected Retirements

Steam Generation Cooling Water Intake Profile

TODAY – 24.7 GW

POST MODERNIZATION* – 24.2 GW



■ Closed-Cycle Cooling

■ Once-Through Scrubbed Coal/Nuclear

■ Once-Through Cooling, Unscrubbed Coal

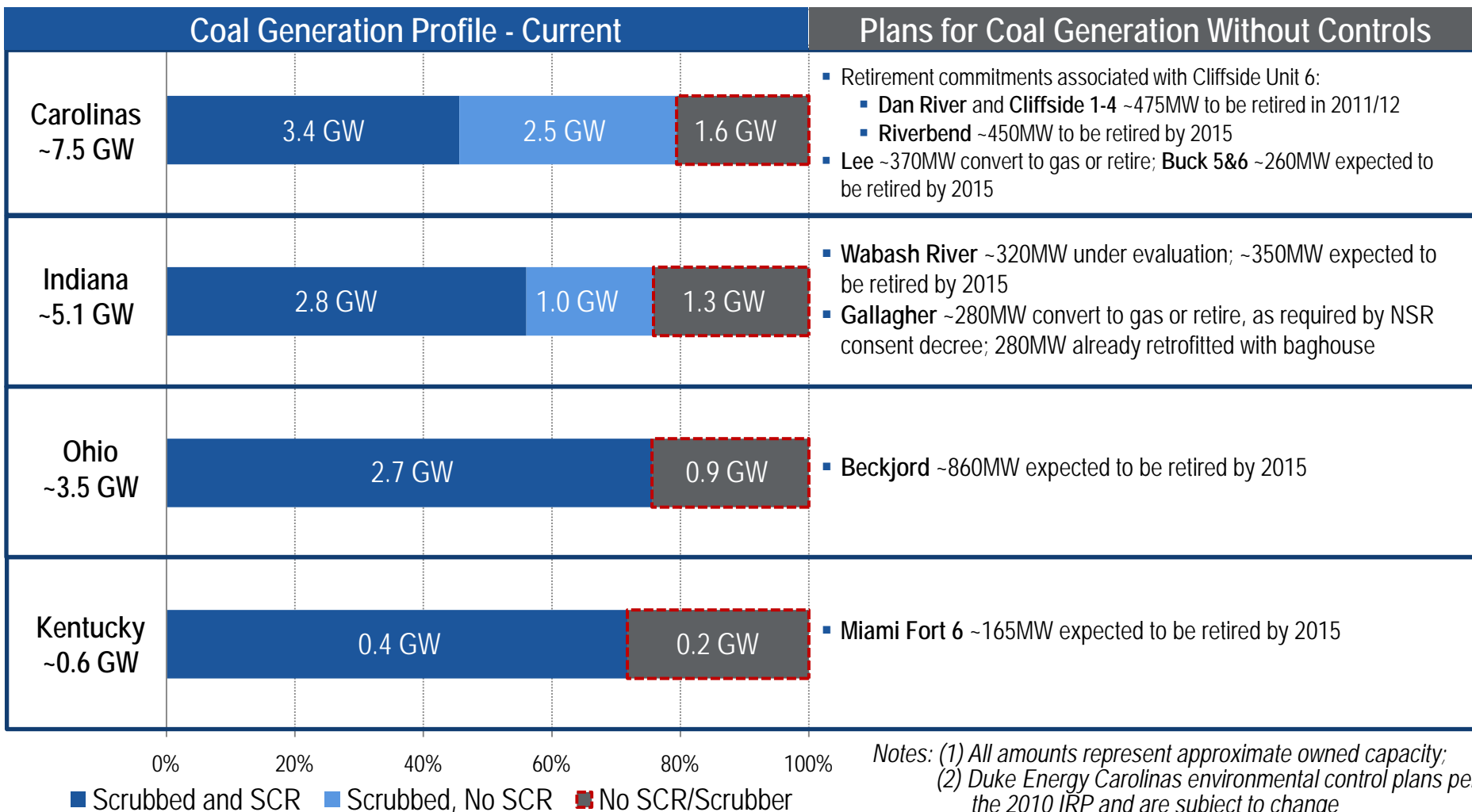
■ Expected Retirements

Considerations for EPA

- Transition period must be reasonable to allow utilities time to comply with the new rules
- More plant closures than would otherwise be necessary could cause a strain on reliability
- Flexibility should be maintained to help keep the cost of compliance at a reasonable level

* Reflects Cliffside 6, Edwardsport IGCC, Buck CC and Dan River CC in-service as well as expected retirements

POSITIONING OUR COAL FLEET FOR EPA REGULATIONS



Notes: (1) All amounts represent approximate owned capacity;
 (2) Duke Energy Carolinas environmental control plans per the 2010 IRP and are subject to change
 (3) Duke Energy Ohio and Duke Energy Kentucky environmental control plans per 2011 IRPs, respectively, and are subject to change

DUKE ENERGY STEAM FACILITY DATA



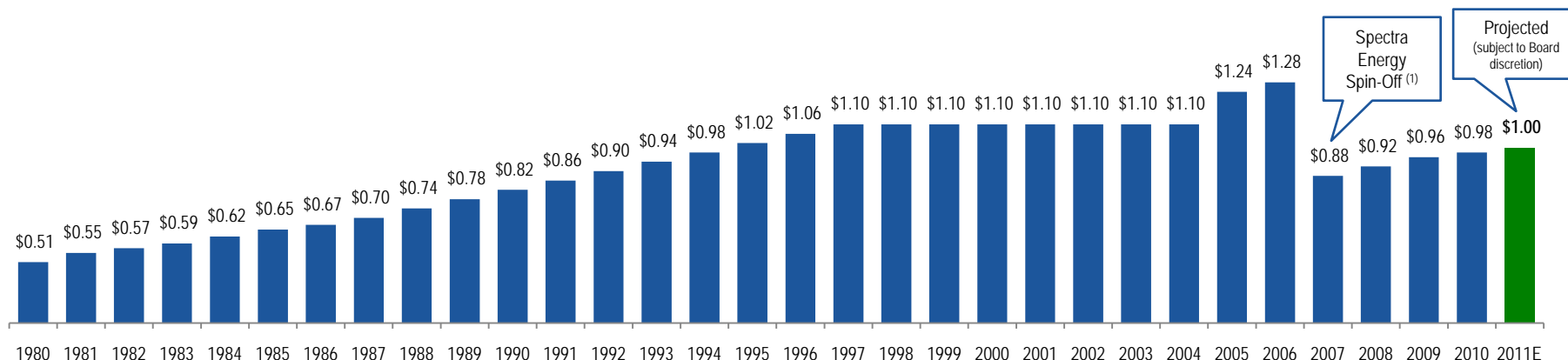
Structure	Operating State	Jurisdiction	Steam Unit Facility	Owned Capacity (MW)	Fuel Type	Current Cooling Method	Emissions Controls
Regulated	In Operation	DE Carolinas	Allen	1127	Coal	Once-Through	Scrubber
Regulated	In Operation	DE Carolinas	Belews Creek	2220	Coal	Once-Through	Scrubber and SCR
Regulated	In Operation (1)	DE Carolinas	Buck 5-6	256	Coal	Once-Through	
Regulated	In Operation (1)	DE Carolinas	Cliffside 1-4	198	Coal	Once-Through	
Regulated	In Operation	DE Carolinas	Cliffside 5	562	Coal	Closed Cycle	Scrubber and SCR
Regulated	In Operation (1)	DE Carolinas	Dan River 1-3	276	Coal	Once-Through	
Regulated	In Operation	DE Carolinas	Lee	370	Coal	Once-Through	
Regulated	In Operation	DE Carolinas	Marshall	2078	Coal	Once-Through	658MW with Scrubber and SCR; 1420MW with Scrubber
Regulated	In Operation (1)	DE Carolinas	Riverbend 4-7	454	Coal	Once-Through	
Regulated	In Operation	DE Carolinas	Catawba	435	Nuclear	Closed Cycle	
Regulated	In Operation	DE Carolinas	McGuire	2200	Nuclear	Once-Through	
Regulated	In Operation	DE Carolinas	Oconee	2538	Nuclear	Once-Through	
Regulated	In Operation	DE Indiana	Cayuga	1005	Coal	Once-Through	Scrubber
Regulated	In Operation	DE Indiana	Gibson	2845	Coal	Permit	Scrubber and SCR
Regulated	In Operation (1)	DE Indiana	Wabash River	668	Coal	Once-Through	
Regulated	In Operation	DE Indiana	Gallagher	560	Coal	Once-Through	280 MW retrofitted with baghouse
Regulated	In Operation	DE Indiana	Noblesville CC	310	Gas	Closed Cycle	
Regulated	In Operation	DE Kentucky	East Bend	414	Coal	Closed cycle	Scrubber and SCR
Regulated	In Operation (1)	DE Kentucky	Miami Fort 6	163	Coal	Once-Through	
Non-Regulated	In Operation	DE Ohio	Conesville 4	312	Coal	Closed Cycle	Scrubber and SCR
Non-Regulated	In Operation	DE Ohio	Stuart 1-3	675	Coal	Once-Through	Scrubber and SCR
Non-Regulated	In Operation	DE Ohio	Stuart 4	225	Coal	Closed Cycle	Scrubber and SCR
Non-Regulated	In Operation	DE Ohio	Killen	198	Coal	Closed Cycle	Scrubber and SCR
Non-Regulated	In Operation (1)	DE Ohio	Beckjord	862	Coal	Once-Through	
Non-Regulated	In Operation	DE Ohio	Miami Fort 7-8	652	Coal	Closed Cycle	Scrubber and SCR
Non-Regulated	In Operation	DE Ohio	Zimmer	605	Coal	Closed Cycle	Scrubber and SCR
Non-Regulated	In Operation	Duke Energy	Fayette CC	633	Gas	Closed Cycle	SCR
Non-Regulated	In Operation	Duke Energy	Hanging Rock CC	1262	Gas	Closed Cycle	SCR
Non-Regulated	In Operation	Duke Energy	Washington CC	639	Gas	Closed Cycle	SCR
Regulated	Under Construction	DE Carolinas	Cliffside 6	825	Coal	Closed Cycle	Scrubber and SCR
Regulated	Under Construction	DE Carolinas	Buck CC	620	Gas	Closed Cycle	SCR
Regulated	Under Construction	DE Carolinas	Dan River CC	620	Gas	Closed Cycle	SCR
Regulated	Under Construction	DE Indiana	Edwardsport IGCC	618	Coal	Closed Cycle - No Intake	Selexol and SCR

(1) Expected retirements include Buck Units 5-6; Cliffside Units 1-4, Dan River Units 1-3, Riverbend Units 4-7, Wabash River Units 2-5, Miami Fort 6, and Beckjord. Note that Edwardsport 1-4 (160 MW) and Buck 3-4 (113 MW) have already been retired.

DIVIDEND POLICY

- Increased the dividend by \$0.005 per share (~2%) to \$0.25 per share in June 2011, payable September 2011
- Duke Energy dividend policy to be maintained post-merger closing
 - Continued growth in dividend at a rate slower than growth of adjusted diluted EPS
 - Targeting a long-term payout range of 65% to 70% of adjusted diluted EPS
- Attractive payout and yield underscores compelling shareholder value proposition
- Dividend quality supported by strong regulated earnings base
- Duke Energy has an 84-year history of consecutive quarterly cash dividend payments

DUK Annual Dividend Per Share History



Source: FactSet

(1) 2007 decrease due to the spin-off of Spectra Energy to shareholders on 1/2/2007 as dividends subsequent to the spin-off were split proportionately between Duke Energy and Spectra Energy such that the sum of the dividends of the two stand-alone companies approximated the former total dividend prior to the spin-off

Note: Annual dividends are split-adjusted and reflect annualized Q4 dividend per share for each year

Liquidity (as of June 30, 2011)

(\$ in millions)

	Duke Energy	DE Carolinas	DE Ohio	DE Indiana	DE Kentucky	Total
Master Credit Facility ⁽¹⁾	\$ 1,097	\$ 840	\$ 650	\$ 450	\$ 100	\$ 3,137
Regional Bank Credit Facility ⁽²⁾	100	100	-	-	-	200
Less: Notes Payable and Commercial Paper ⁽³⁾	-	(300)	-	(150)	-	(450)
Drawdown	(75)	-	-	-	-	(75)
Outstanding Letters of Credit (LOCs)	(28)	(7)	-	-	(27)	(62)
Tax-Exempt Bonds	(25)	(95)	(84)	(81)	-	(285)
Available Capacity	\$ 1,069	\$ 538	\$ 566	\$ 219	\$ 73	\$ 2,465
Cash & Short-Term Investments ⁽⁴⁾						431
Total Available Liquidity						\$ 2,896

(1) Master Credit Facility supports tax-exempt bonds, LOCs and the Duke Energy commercial paper program of \$2.2 billion

(2) Regional credit facility supports Duke Energy Corp. and Duke Energy Carolinas

(3) Reflects permanent layer of commercial paper, classified as long-term debt

(4) Excludes certain cash and short-term investments in foreign jurisdictions of approximately \$925 million

2011 SUMMARY CASH FLOWS



(\$ in Millions)	2011E
Primary Sources:	
Adjusted Net Income ⁽¹⁾	\$ 1,825
Depreciation & Amortization	2,000
Deferred and Accrued Taxes	910
Other Sources / (Uses), net ⁽²⁾	(600)
Total Sources	4,135
Primary Uses:	
Capital Expenditures (including discretionary)	(5,000)
Dividends	(1,320)
Pension Plan Contributions	(200)
Total Uses	(6,520)
Uses in Excess of Sources	(2,385)
Debt Maturities	(210)
Required Funding	(2,595)
Debt Issuances	2,195
Equity issued from internal plans	-
Utilization of cash	400
Total Financings and Cash Utilization	\$ 2,595

- (1) Illustrative based upon midpoint of 2011 adjusted diluted EPS range
- (2) Working capital changes and non-cash AFUDC equity
- (3) Includes projected changes in short-term debt and commercial paper
- (4) Excludes potential tax-exempt refundings/refinancings
- (5) Planned Renewables' issuances are non-recourse project financings
- (6) Excluding equity to be issued in connection with the Progress Energy merger

Expected 2011 Financing Plan

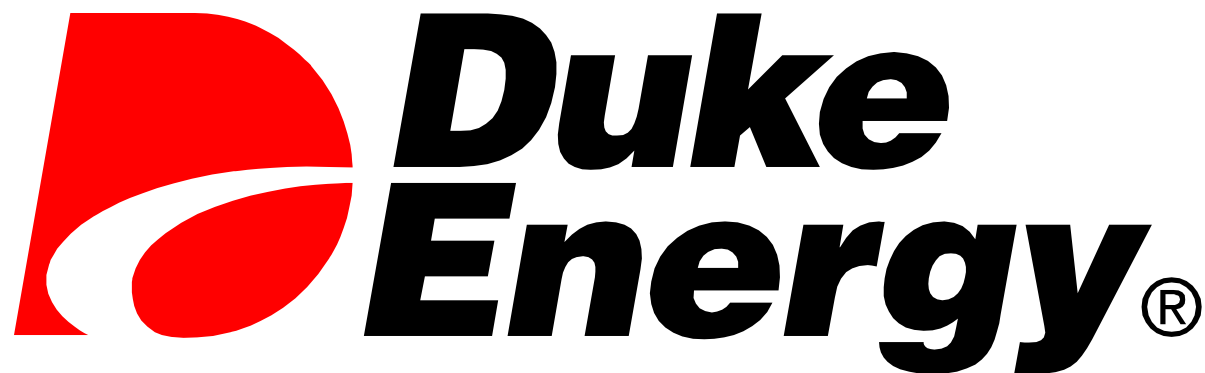
(\$ in Millions)	Estimated Debt Issuances ^{(3) (4)}	Scheduled Debt Maturities
DE Carolinas	\$ 1,400	\$ (5)
DE Ohio	-	(10)
DE Indiana	250	(15)
DE Kentucky	-	(5)
Renewables ⁽⁵⁾	165	(70)
DEI	50	(105)
Duke Energy	330	-
Total	\$ 2,195	\$ (210)

- No planned equity issuances in 2011 ⁽⁶⁾
- In May, Duke Energy Carolinas issued \$500 million \$3.9% First Mortgage bonds due 6/2021
- Certain treasury strategies could change actual 2011 financing levels (e.g., prefunding 2012 requirements, utilization of cash on hand, etc.)

UPCOMING ACTIVITIES



Event	Date
Special Shareholder Meeting	August 23 rd
Third Quarter 2011 Earnings Call	November 3 rd
Fourth Quarter 2011 Earnings Call	TBD



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
<i>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</i>			
U.S. Franchised Electric and Gas	\$ 619	\$ -	\$ 619
Commercial Power	59	-	59
International Energy	179	-	179
Total reportable segment EBIT	<u>857</u>	<u>-</u>	<u>857</u>
Other	(52)	(5) ^A	(57)
Total reportable segment and Other EBIT	\$ 805	\$ (5)	\$ 800
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
<i>Net Income (Loss) Attributable to Duke Energy Corporation</i>	<u>\$ 439</u>	<u>\$ (4)</u>	<u>\$ 435</u>
<i>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</i>			
	<u>\$ 0.33</u>	<u>\$ -</u>	<u>\$ 0.33</u>
<i>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</i>			
	<u>\$ 0.33</u>	<u>\$ -</u>	<u>\$ 0.33</u>

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	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS								
U.S. Franchised Electric and Gas	\$ 671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671
Commercial Power	89	-	-	(660) E	(33) B	-	(693)	(604)
International Energy	126	-	-	-	-	-	-	126
Total reportable segment EBIT	886	-	-	(660)	(33)	-	(693)	193
Other	(39)	(7) A	(76) D	-	-	-	(83)	(122)
Total reportable segment EBIT and Other EBIT	\$ 847	\$ (7)	\$ (76)	\$ (660)	\$ (33)	\$ -	\$ (776)	\$ 71
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
Net Income (Loss) Attributable to Duke Energy Corporation	\$ 453	\$ (5)	\$ (47)	\$ (602)	\$ (22)	\$ 1	\$ (675)	\$ (222)
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC								
	\$ 0.34	\$ -	\$ (0.04)	\$ (0.46)	\$ (0.01)	\$ -	\$ (0.51)	\$ (0.17)
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED								
	\$ 0.34	\$ -	\$ (0.04)	\$ (0.46)	\$ (0.01)	\$ -	\$ (0.51)	\$ (0.17)

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)	Economic Hedges (Mark- to-Market) *	Total Adjustments	Reported Earnings
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS					
U.S. Franchised Electric and Gas	\$ 1,331	\$ -	\$ -	\$ -	\$ 1,331
Commercial Power	154	-	(4) B	(4)	150
International Energy	359	-	-	-	359
Total reportable segment EBIT	1,844	-	(4)	(4)	1,840
Other	(86)	(16) A	-	(16)	(102)
Total reportable segment and Other EBIT	\$ 1,758	\$ (16)	\$ (4)	\$ (20)	\$ 1,738
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
Net Income (Loss) Attributable to Duke Energy Corporation	\$ 962	\$ (13)	\$ (3)	\$ (16)	\$ 946
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC	\$ 0.72	\$ (0.01)	\$ -	\$ (0.01)	\$ 0.71
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 0.72	\$ (0.01)	\$ -	\$ (0.01)	\$ 0.71

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	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS								
U.S. Franchised Electric and Gas	\$ 1,415	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,415
Commercial Power	189	-	-	(660) E	(4) B	-	(664)	(475)
International Energy	266	-	-	-	-	-	-	266
Total reportable segment EBIT	1,870	-	-	(660)	(4)	-	(664)	1,206
Other	(110)	(14) A	(144) D	-	-	-	(158)	(268)
Total reportable segment and Other EBIT	\$ 1,760	\$ (14)	\$ (144)	\$ (660)	\$ (4)	\$ -	\$ (822)	\$ 938
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
Net Income (Loss) Attributable to Duke Energy Corporation	\$ 924	\$ (9)	\$ (88)	\$ (602)	\$ (3)	\$ 1	\$ (701)	\$ 223
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC								
	\$ 0.70	\$ (0.01)	\$ (0.06)	\$ (0.46)	\$ -	\$ -	\$ (0.53)	\$ 0.17
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED								
	\$ 0.70	\$ (0.01)	\$ (0.06)	\$ (0.46)	\$ -	\$ -	\$ (0.53)	\$ 0.17

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)

	Forecast	
	2011	
Primary Sources:		
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>	
Primary Uses:		
Capital and investment expenditures	(b) (5,000)	
Dividends	(c) (1,320)	
Pension plan contributions	(a) (200)	
Total Uses	<u>(6,520)</u>	
Uses in Excess of Sources	<u>(2,385)</u>	
Debt maturities	(c) (210)	
Required Funding	<u>(2,595)</u>	
Debt issuances	(c),(d) 2,195	
Equity issued from internal plans	(c) -	
Utilization of cash	(e) 400	
Total Financings and Cash Utilization	<u>\$ 2,595</u>	
Reconciliations to forecasted U.S. GAAP reporting amounts:		
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.