



## BARCLAYS CAPITAL CEO ENERGY-POWER CONFERENCE

September 7, 2011

**Lynn Good**

Group Executive and Chief Financial Officer

## 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](http://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)

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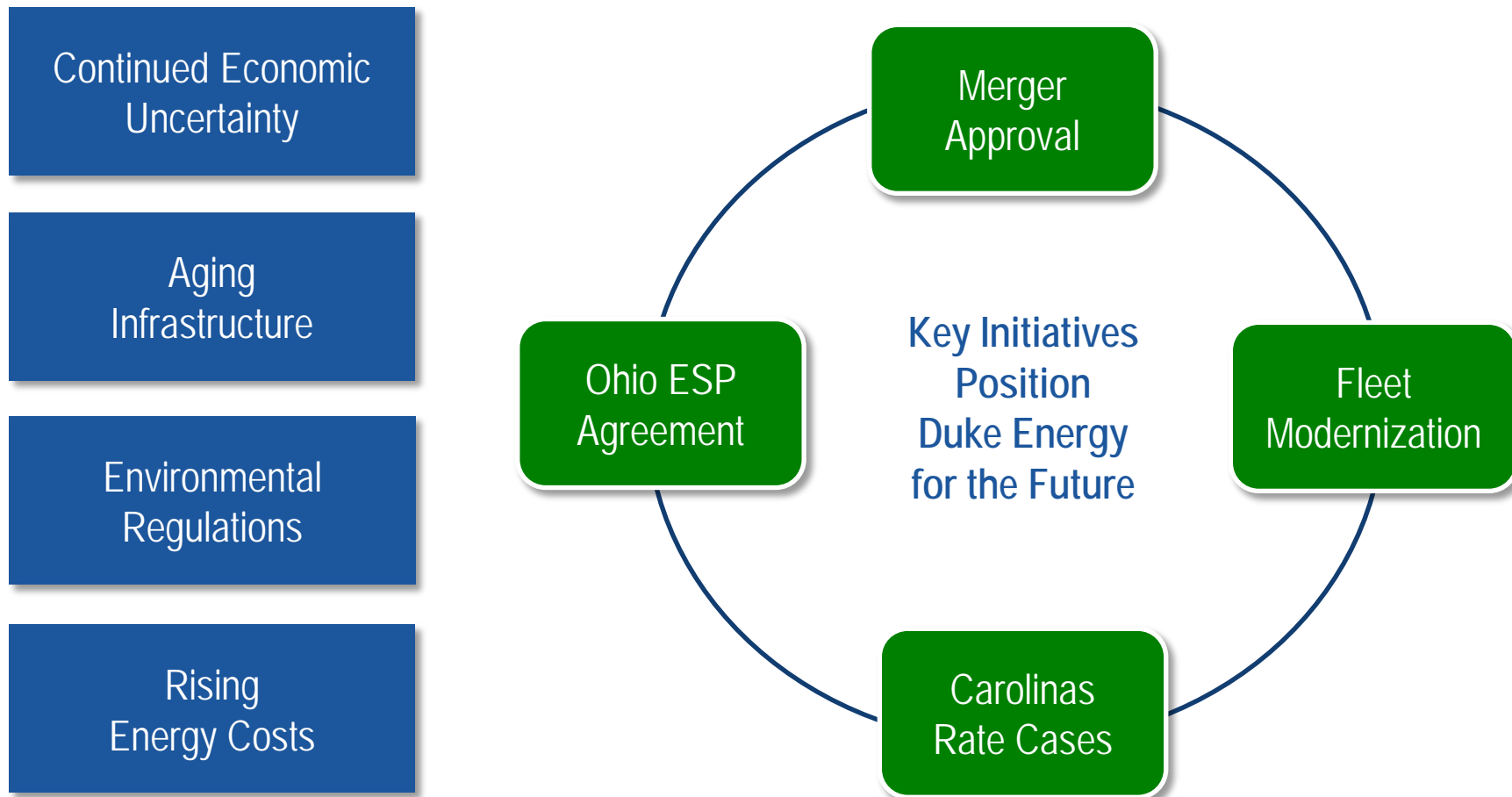
## REG G DISCLOSURE

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/](http://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](http://www.sec.gov)). You may also obtain these documents, free of charge, from Duke Energy's website ([www.duke-energy.com](http://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](http://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."

# KEY INITIATIVES: MEETING INDUSTRY CHALLENGES



Positioning Duke Energy for Future Earnings Growth While Maintaining Balance Sheet Strength

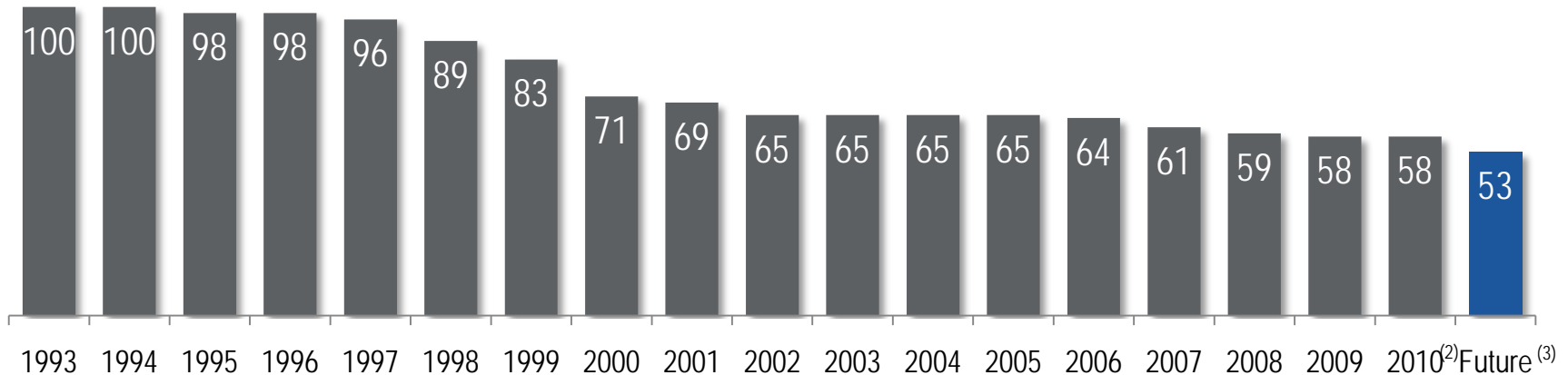
# UTILITY CONSOLIDATION DRIVEN BY INDUSTRY CHALLENGES



## Drivers of Utility Consolidation

- Competition for capital to fund major capital investments required to replace aging infrastructure and comply with increasingly stringent environmental regulations
- Increasing customer rates in an uncertain economic environment
- Need for scale benefits and continuing productivity gains

## Number of U.S. Investor-Owned Electric Utilities <sup>(1)</sup>

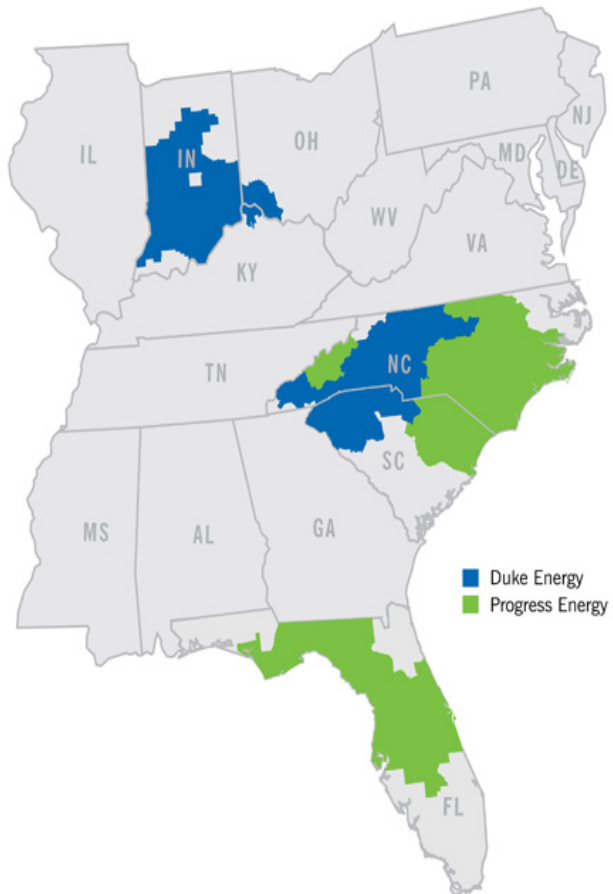


(1) Members of EEI's stock index

(2) As of Q2 2010

(3) As of Q2 2010 EEI stock index update, as adjusted for the following closed or announced transactions: FirstEnergy/Allegheny; Northeast Utilities/NSTAR; Duke/Progress; AES/DPL; Exelon/Constellation

# BENEFITS OF DUKE ENERGY / PROGRESS ENERGY MERGER



## Scale Benefits

- Creates largest U.S. utility – 7 million customers, supported by substantial, diversified regulated earnings and cash flows
- Provides for reliable earnings and returns due to diversified generation and fuel sourcing in six regulated jurisdictions
- Supports dividends with principally regulated earnings base
- Well positioned for pending environmental regulations

## Customer Benefits

- Estimated fuel and joint dispatch savings of ~\$700 million (2012-16)
- Creates meaningful non-fuel merger efficiencies over time

## STATUS OF MERGER FILINGS (As of September 6, 2011)

Stakeholder	Progress on Key Milestones	Approved
Shareholder	<ul style="list-style-type: none"> <li>Shareholder meetings and votes August 23</li> </ul>	<input checked="" type="checkbox"/>
Department of Justice	<ul style="list-style-type: none"> <li>Met obligations of Hart-Scott-Rodino Act</li> </ul>	Waiting Period Expired
Federal Communications Commission	<ul style="list-style-type: none"> <li>Received approval of filings associated with certain radio licenses</li> </ul>	<input checked="" type="checkbox"/>
Federal Energy Regulatory Commission	<ul style="list-style-type: none"> <li>Expect ruling or extension of review by October 3</li> </ul>	<input type="checkbox"/>
Nuclear Regulatory Commission	<ul style="list-style-type: none"> <li>Filed for indirect transfer of Progress Energy licenses</li> </ul>	<input type="checkbox"/>
North Carolina	<ul style="list-style-type: none"> <li>NC Public Staff filed settlement agreement</li> <li>Signed settlement agreement with SC ORS, a party to the NC proceeding</li> <li>Hearing scheduled for September 20</li> </ul>	<input type="checkbox"/>
South Carolina	<ul style="list-style-type: none"> <li>Hearing scheduled for October 26</li> </ul>	<input type="checkbox"/>
Kentucky	<ul style="list-style-type: none"> <li>Received conditional approval; filed for revision and clarification</li> </ul>	<input type="checkbox"/>

# ADVANCING THE MERGER APPROVAL PROCESS



- In September 2011, settlement agreements were entered into in North Carolina related to our proposed merger

Summary of North Carolina Merger Approval Settlement Agreements	NC Public Staff <sup>(1)</sup>	SC Office of Regulatory Staff <sup>(1)</sup>
<ul style="list-style-type: none"> <li>■ Guarantee customers their allocable share of at least \$650 MM in fuel and joint-dispatch savings (2012-2016)</li> </ul>	✓	✓
<ul style="list-style-type: none"> <li>■ Continue current community financial support for a minimum of 4 years</li> </ul>	\$16.5 MM per year	\$2.7 MM per year
<ul style="list-style-type: none"> <li>■ Provides funding for low-income household weatherization and workforce development initiatives</li> </ul>	\$15 MM	\$3.75 MM
<ul style="list-style-type: none"> <li>■ Direct merger-related expenses are not recoverable from customers; recovery of employee severance costs can be requested separately</li> </ul>	✓	✓

(1) Subject to approval from the North Carolinas Utility Commission

Continuing to target merger closing by the end of 2011

# WHAT'S NEXT: PENDING EPA REGULATIONS WILL IMPACT GENERATION



Major Regulations	Duke Energy Domestic Generation	Considerations for EPA
<p>Coal Combustion Residuals (Coal Ash)</p> <p>Cross-State Air Pollution Rule</p> <p>Air Toxics Rule</p>	<p><b>Coal Generation Profile</b></p> <p>TODAY – 16.7 GW      POST MODERNIZATION* – 15.0 GW</p> <p> <span style="color: green;">■</span> Scrubbed and SCR      <span style="color: red;">■</span> No Scrubber, No SCR – Under Evaluation  <span style="color: orange;">■</span> Scrubbed, No SCR      <span style="color: gray;">■</span> Expected Retirements         </p>	<ul style="list-style-type: none"> <li>Transition period must be reasonable to allow utilities time to comply with the new rules</li> <li>More plant closures than would otherwise be necessary could cause a strain on reliability</li> </ul>
<p>Cooling Water Intake Structures Rule</p>	<p><b>Steam Generation Cooling Water Intake Profile</b></p> <p>TODAY – 24.7 GW      POST MODERNIZATION* – 24.2 GW</p> <p> <span style="color: green;">■</span> Closed-Cycle Cooling      <span style="color: red;">■</span> Once-Through Cooling, Unscrubbed Coal  <span style="color: orange;">■</span> Once-Through Scrubbed Coal/Nuclear      <span style="color: gray;">■</span> Expected Retirements         </p>	<ul style="list-style-type: none"> <li>Flexibility should be maintained to help keep the cost of compliance at a reasonable level</li> </ul>

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

Duke Energy expects to spend ~\$5 to \$6 billion in environmental capital over the next decade

# NEARING COMPLETION OF MODERNIZATION PROGRAM



(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

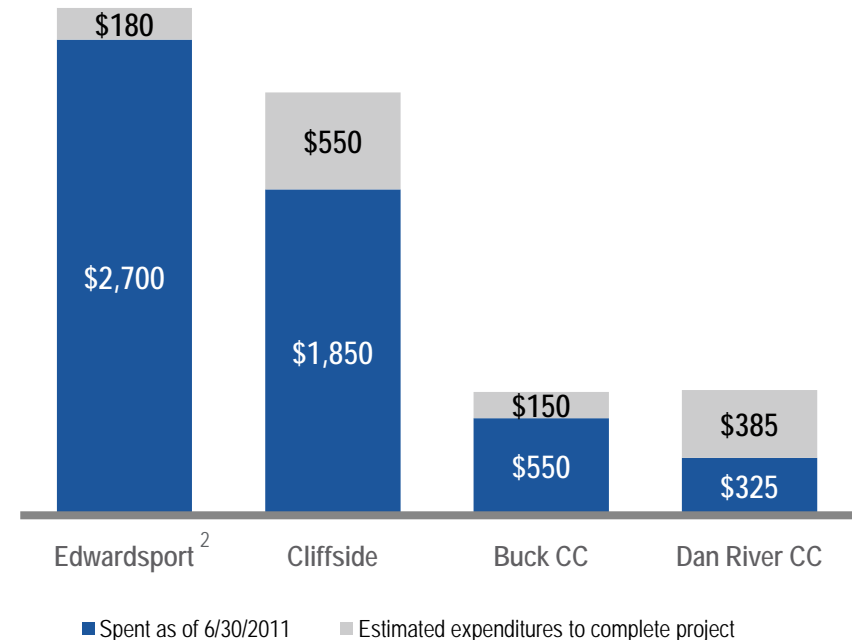
- 620 MW combined-cycle gas-fired plant
- Expected in-service in 2011
- Project is on budget

## 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 Projects<sup>1</sup>



<sup>1</sup> \$ in millions, project costs include direct capital and AFUDC

<sup>2</sup> 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.

# RECOVERING DUKE ENERGY CAROLINAS MODERNIZATION INVESTMENTS

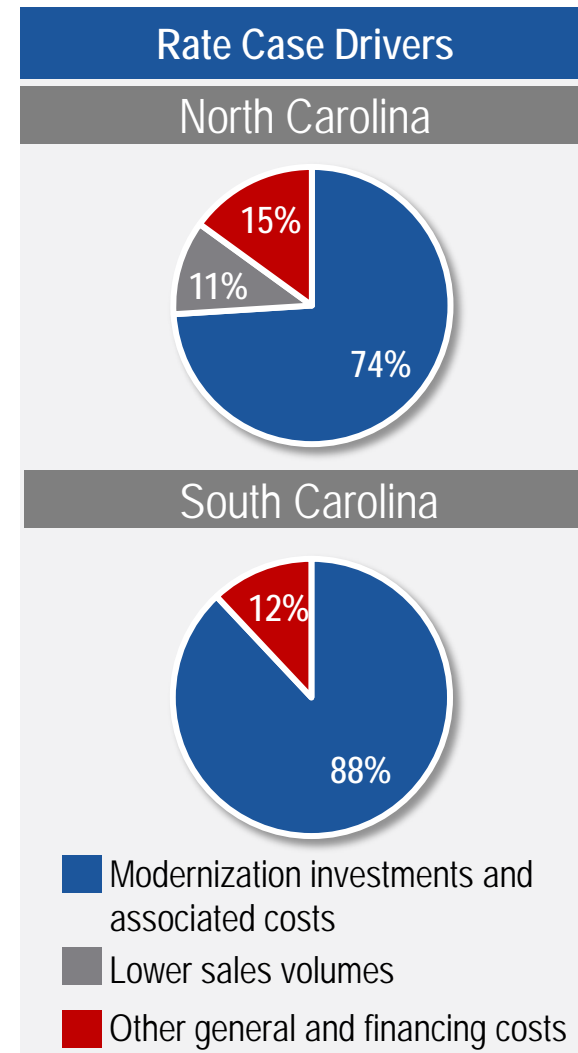


Rate Case Overview	NC	SC
Retail revenue increase requested	~\$646 MM	~\$216 MM
Proposed rate base <sup>(1)</sup>	\$11.2 B	\$4.1 B
Return on equity requested	11.5%	
Equity component of capital structure	53%	

(1) Total rate base as of December 31, 2010, adjusted for known and measurable changes



Capital Investments Included in Rate Case	NC	SC
Cliffside Unit 5 Scrubber and Unit 6 CWIP	✓	✓
Buck Combined Cycle	✓	✓
Dan River Combined Cycle CWIP <sup>(2)</sup>		✓
T&D Investments	✓	✓
Other Generation and Nuclear Investments	✓	✓
Other Generation and T&D CWIP <sup>(2)</sup>		✓

(2) SC allows all CWIP in rate base, compared to NC, which allows CWIP on baseload generation only



# THREADING THE NEEDLE TO SET COMPETITIVE AND PREDICTABLE POWER PRICES: DUKE'S PROPOSED ESP

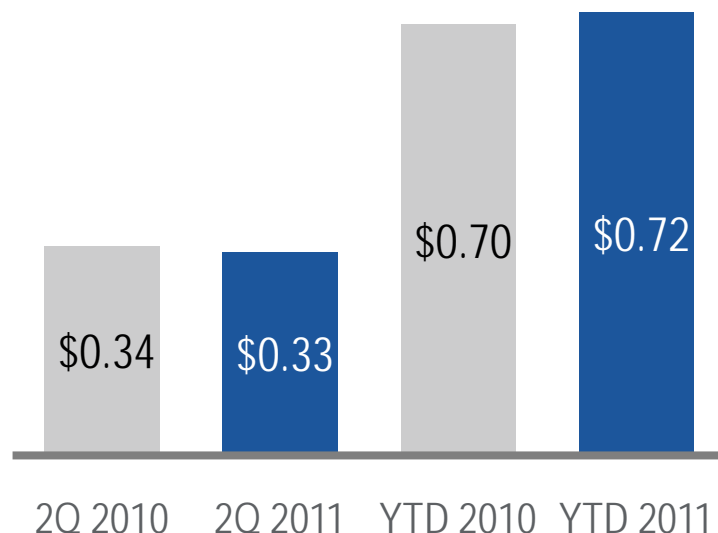


2012 ESP Price Split	Duke's ESP Bifurcates Capacity and Energy Components		Duke Proposed ESP	Fully Competitive Model
Generation – Capacity (~25%)	 <p>Capacity</p>	Price-Setting Mechanism	Traditional recovery of embedded cost of dedicated capacity; offset by 76% of profits from wholesale sales	Competitively priced capacity (e.g., PJM RPM Capacity Auction)
		Goal or Outcome	Capacity pricing is <b>predictable</b> over the <b>long-term</b> and provides recovery of environmental and new capacity costs	Capacity pricing is <b>short term</b> (3 years), has been <b>volatile</b> , and is <b>expected to increase substantially</b> due to plant retirements and environmental retrofits
Generation – Energy (~75%)	 <p>Energy</p>	Price-Setting Mechanism	Competitive auction of entire load requirement for the T&D business (non-switched customers)	
		Goal or Outcome	Energy pricing at market using competitive auctions that <b>employ most efficient generation</b> in the market	

Duke's proposed ESP combines the best of constructively regulated and competitive generation concepts

# PROGRESS ON EARNINGS OBJECTIVES

## Adjusted Diluted EPS



## Primary Adjusted Segment EBIT Drivers – 2Q 2011

### USFE&G

- ▼ O&M costs (primarily due to storms) and less favorable weather
- ▲ Modernization program

### COMMERCIAL POWER

- ▼ Ohio customer switching, net of Duke Energy Retail
- ▲ Midwest gas results

### INTERNATIONAL

- ▲ Improved results in Central America, Brazil and at NMC

## 2011 Status

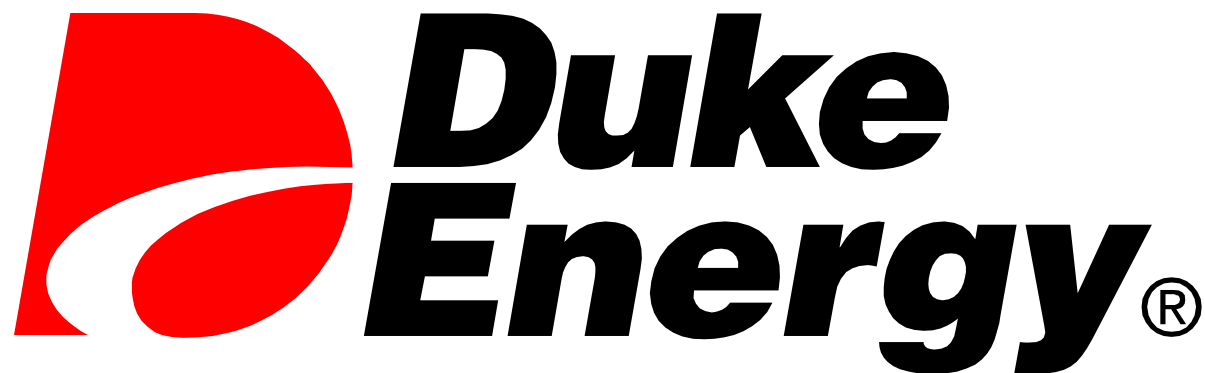
**On-Track to Achieve  
\$1.35 - \$1.40 EPS <sup>(1)</sup>**

(1) Based on Adjusted Diluted EPS, as affirmed on 8/2/2011 2Q earnings call

## Long-Term Growth Target

**Adjusted Diluted EPS  
Growth of 4-6% <sup>(2)</sup>**

(2) Off a base of 2009 adjusted diluted EPS



**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Barclays Capital CEO Energy-Power Conference**  
**September 7, 2011**

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

The materials for Duke Energy Corporation’s (“Duke Energy”) Barclays Capital CEO Energy-Power Conference presentation on September 7, 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 Barclays Capital CEO Energy-Power Conference presentation on September 7, 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**

The materials for Duke Energy's Barclays Capital CEO Energy-Power Conference presentation on September 7, 2011, include a discussion of adjusted segment EBIT and adjusted Other net expense drivers for the quarter ended June 30, 2011 compared to the quarter ended June 30, 2010.

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.

**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><i>Net Income (Loss) Attributable to Duke Energy Corporation</i></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)

	<u>Special Items (Note 1)</u>							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)	Economic Hedges (Mark- to-Market) *	Total Adjustments	Reported Earnings
<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
Total reportable segment EBIT	1,844	-	(4)	(4)	1,840
Other	(86)	(16) A	-	(16)	(102)
Total reportable segment and Other EBIT	<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
<i>Net Income (Loss) Attributable to Duke Energy Corporation</i>	<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>	<u>1,870</u>	<u>-</u>	<u>-</u>	<u>(660)</u>	<u>(4)</u>	<u>-</u>	<u>(664)</u>	<u>1,206</u>
<b>Other</b>	(110)	(14) A	(144) D	-	-	-	(158)	(268)
<b>Total reportable segment and Other EBIT</b>	<u>\$ 1,760</u>	<u>\$ (14)</u>	<u>\$ (144)</u>	<u>\$ (660)</u>	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ (822)</u>	<u>\$ 938</u>
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>	<u>\$ 924</u>	<u>\$ (9)</u>	<u>\$ (88)</u>	<u>\$ (602)</u>	<u>\$ (3)</u>	<u>\$ 1</u>	<u>\$ (701)</u>	<u>\$ 223</u>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<u>\$ 0.70</u>	<u>\$ (0.01)</u>	<u>\$ (0.06)</u>	<u>\$ (0.46)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0.53)</u>	<u>\$ 0.17</u>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<u>\$ 0.70</u>	<u>\$ (0.01)</u>	<u>\$ (0.06)</u>	<u>\$ (0.46)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (0.53)</u>	<u>\$ 0.17</u>

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.