

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Third Quarter Earnings Review and Business Update**  
**November 5, 2008**

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

The materials for Duke Energy Corporation’s (“Duke Energy”) Third Quarter Earnings Review and Business Update presentation on November 5, 2008 include a discussion of adjusted diluted EPS for the quarters ended September 30, 2008 and 2007. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations, adjusted for the per-share impact of special items 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. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy’s hedging of a portion of the economic value of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g., coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. Reconciliations of adjusted diluted EPS for the quarters and year-to-date periods ended September 30, 2008 and 2007 to the most directly comparable GAAP measures are included below.

## **2008 Employee EPS Incentive Target Measure**

The materials for Duke Energy's Third Quarter Earnings Review and Business Update presentation on November 5, 2008 include a reference to Duke Energy's 2008 employee EPS incentive target of \$1.27, with incentive payouts occurring if results fall within a range of \$1.20 (minimum payout) to \$1.35 (maximum payout) per share. The EPS measure used for employee incentive bonuses is primarily based on adjusted diluted EPS. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations, adjusted for the per-share impact of special items 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. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment (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, 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, 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 the remainder of 2008. Also, the materials make a statement that Duke Energy is no longer on track to achieve the target of \$1.27 of adjusted diluted EPS for full year 2008 as results through September 30, 2008 are about \$0.05 per share behind plan. Adjusted diluted EPS for the nine-months ended September 30, 2008 was approximately \$0.95. A reconciliation of adjusted diluted EPS to reported diluted EPS for the nine-months ended September 30, 2008 is included below.

## **Adjusted Segment EBIT and Other Net Expenses**

The materials for Duke Energy's Third Quarter Earnings Review and Business Update presentation on November 5, 2008 include adjusted segment EBIT and Other net expenses for the quarters ended September 30, 2008 and 2007. Adjusted segment EBIT and 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. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment (as discussed above under "Adjusted Diluted Earnings per Share ('EPS')"). The most directly comparable GAAP measures for adjusted segment EBIT and 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 Other net expenses for the quarters and year-to-date periods ended September 30, 2008 and 2007 to the most directly comparable GAAP measures are included below.

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

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

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

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

B - \$6 million gain recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$2 million loss recorded within Fuel used in electric generation and purchased power (Operating Expenses) on the Consolidated Statements of Operations.

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

Weighted Average Shares (reported and adjusted) - in millions

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

\* Represents the mark-to-market impact of derivative contracts, which is recognized in earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g. coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. Management believes that the presentation of adjusted diluted EPS provides useful information to investors, as it allows them to more accurately compare the company's performance across periods.

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

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

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

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

B - \$46 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$46 million gain recorded within Fuel used in electric generation and purchased power (Operating Expenses) on the Consolidated Statements of Operations.

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

D - Recorded in Other income and expenses, net (Other Income and Expenses, net) on the Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

|         |       |
|---------|-------|
| Basic   | 1,259 |
| Diluted | 1,266 |

\* Represents the mark-to-market impact of derivative contracts, which is recognized in earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g. coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. Management believes that the presentation of adjusted diluted EPS provides useful information to investors, as it allows them to more accurately compare the company's performance across periods.

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
September 2008 Quarter-to-Date  
(Dollars in millions, except per-share amounts)

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

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

A - \$5 million recorded in Operation, maintenance and other and \$6 million recorded in Depreciation and amortization (all Operating Expenses) on the Consolidated Statements of Operations.

B - \$45 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$74 million loss recorded within Fuel used in electric generation and purchased power (Operating Expenses) on the Consolidated Statements of Operations.

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

D - Recorded in Equity in earnings (loss) of unconsolidated affiliates on the Consolidated Statements of Operations.

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

Weighted Average Shares (reported and adjusted) - in millions

|         |       |
|---------|-------|
| Basic   | 1,265 |
| Diluted | 1,268 |

\* Represents the mark-to-market impact of derivative contracts, which is recognized in earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g. coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. Management believes that the presentation of adjusted diluted EPS provides useful information to investors, as it allows them to more accurately compare the company's performance across periods.

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
September 2008 Year-to-Date  
(Dollars in millions, except per-share amounts)

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

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

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

B - \$38 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$73 million gain recorded within Fuel used in electric generation and purchased power (Operating Expenses) on the Consolidated Statements of Operations.

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

D - Recorded in Equity in earnings (loss) of unconsolidated affiliates on the Consolidated Statements of Operations.

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

Weighted Average Shares (reported and adjusted) - in millions

|         |       |
|---------|-------|
| Basic   | 1,264 |
| Diluted | 1,268 |

\* Represents the mark-to-market impact of derivative contracts, which is recognized in earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g. coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. Management believes that the presentation of adjusted diluted EPS provides useful information to investors, as it allows them to more accurately compare the company's performance across periods.

**Duke Energy Corporation**  
**Diluted EPS Impact from Milder Weather and September 2008 Midwest Storm**  
**Third Quarter of 2008 versus Third Quarter of 2007**

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

**Notes:**

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

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

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

**Available Liquidity Reconciliation**  
**As of September 30, 2008**  
**(In millions)**

|   |                       |                               |
|---|-----------------------|-------------------------------|
| Cash and Cash Equivalents                                     | \$1,876               |                               |
| Short-Term Investments  | <u>180</u>            |                               |
| Subtotal  | 2,056                 |                               |
| Less: Amounts Held in Foreign Jurisdictions                   | <u>(456)</u>          |                               |
|   | \$1,600               |                               |
| Plus: Remaining Availability under Master Credit Facility (a) | <u>623</u>            |                               |
| Total Available Liquidity as of September 30, 2008 (b)        | <u><u>\$2,223</u></u> | (approximately \$2.2 billion) |

(a) In October 2008, Duke Energy terminated the participation of one of the financial institutions supplying approximately \$63 million of credit commitment under its master credit facility, resulting in a reduction in the remaining availability under the facility.

(b) The available liquidity balance presented is a non-GAAP financial measure as it represents the aggregated presentation of cash and cash equivalents and short-term investments (excluding amounts held in foreign jurisdictions), and remaining availability under the master credit facility. The most directly comparable GAAP financial measure for available liquidity is cash and cash equivalents.

**Duke Energy Corporation**  
**Crescent Equity Earnings - Actual vs Plan**  
**September 30, 2008**  
(In millions)

|   |                        |
|---|------------------------|
| Adjusted equity loss for the 9 months ended September 30, 2008          | (\$16) (a) (b)         |
| Initial forecast of equity earnings for 2008                            | <u>75</u> (b)          |
| Total pre-tax impact to equity method earnings versus original forecast | (91)                   |
| Tax effect  | <u>(35)</u>            |
| Net-of-tax impact   | <u><u>(\$56)</u></u>   |
| Weighted average shares outstanding - diluted                           | 1,268                  |
| Diluted EPS impact for Crescent actual vs. planned results              | <u><u>(\$0.04)</u></u> |

(a) Excludes total asset impairments of \$214 million primarily related to residential properties as Crescent assessed projects in troubled real estate markets, consistent with its revised business strategy.

(b) The materials for Duke Energy's Third Quarter Earnings Review and Business Update presentation on November 5, 2008 include a reference to Duke Energy's 2008 employee EPS incentive target of \$1.27. The EPS measure used for employee incentive bonuses is primarily based on adjusted diluted EPS. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations, adjusted for the per-share impact of special items 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. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power. The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment.

The 2008 employee EPS incentive target of \$1.27 included a forecasted adjusted segment EBIT contribution of approximately \$75 million for Crescent. As illustrated above, adjusted segment EBIT for the Crescent segment for the nine-months ended September 30, 2008 is a loss of approximately \$16 million, and given that Duke Energy has an expectation of \$0 in equity earnings/losses from the Crescent investment for the fourth quarter of 2008, the difference between the initial expected forecasted full year 2008 adjusted Crescent segment EBIT versus Duke Energy's current expectation of adjusted segment EBIT is approximately \$91 million, or an approximate \$0.04 impact to adjusted diluted EPS. Adjusted segment EBIT for Crescent is a non-GAAP financial measure as it represents reported segment EBIT adjusted for the impact of special items. The most directly comparable GAAP measure for adjusted Crescent segment EBIT is reported Crescent segment EBIT, which represents segment results from continuing operations, including any special items. A reconciliation of adjusted segment EBIT for Crescent for the quarters and year-to-date periods ended September 30, 2008 and 2007 to the most directly comparable GAAP measures are included in separate schedules.

Due to the forward-looking nature of the full year employee EPS incentive target of \$1.27 and Duke Energy's expectation of \$0 in equity earnings/losses from the Crescent investment for the fourth quarter of 2008, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as management is unable to project special items or mark-to-market adjustments for the remainder of 2008.