



Deutsche Bank Alternative Energy, Utilities & Power Conference

May 12, 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 Registrants' 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 preliminary joint proxy statement/prospectus that is included in the Registration Statement on Form S-4 that was filed by Duke Energy with the SEC on March 17, 2011 in connection with the merger as well as any amendments to that Registration Statement filed after that date. 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

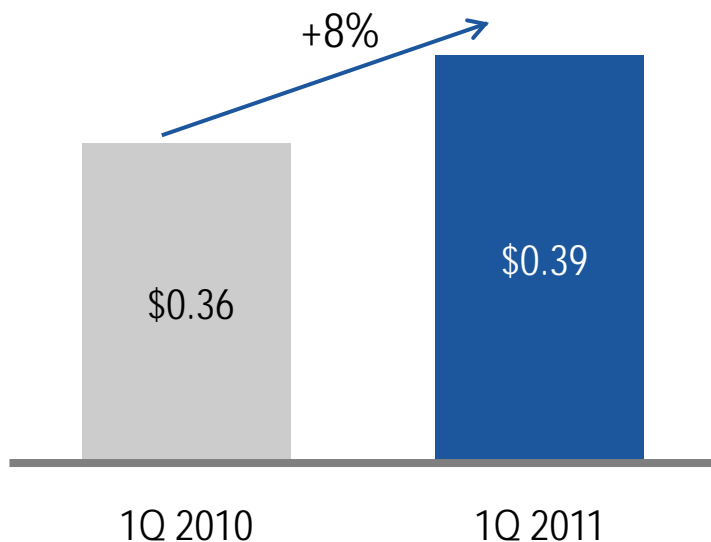
This document does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. In connection with the proposed merger between Duke Energy and Progress Energy, on March 17, 2011, Duke Energy filed with the SEC a Registration Statement on Form S-4 that included a preliminary joint proxy statement of Duke Energy and Progress Energy that also constitutes a preliminary prospectus of Duke Energy and on April 8, 2011 and April 25, 2011 Duke Energy filed with the SEC amendments to that Registration Statement. These materials are not yet final and may be further amended. Duke Energy and Progress Energy will deliver the definitive joint proxy statement/prospectus to their respective shareholders. **Duke Energy and Progress Energy urge investors and shareholders to read the preliminary joint proxy statement/prospectus regarding the proposed merger and the definitive joint proxy statement/prospectus, when it becomes available, as well as other documents filed with the SEC, because they contain or will 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 "Investors" and then under the heading "SEC Filings."

PARTICIPANTS IN THE MERGER SOLICITATION

Duke Energy, Progress Energy, and their respective directors, executive officers and certain other members of management and employees may be soliciting proxies from Duke Energy and Progress Energy shareholders in favor of the merger and related matters. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of Duke Energy and Progress Energy shareholders in connection with the proposed merger is contained in the preliminary joint proxy statement/prospectus and will be contained in the definitive joint proxy statement/prospectus when it becomes available. You can find information about Duke Energy's executive officers and directors in its definitive proxy statement filed with the SEC on March 17, 2011. You can find information about Progress Energy's executive officers and directors in its definitive proxy statement filed with the SEC on March 31, 2011 and Amendment No. 1 to its Annual Report on Form 10-K filed with the SEC on March 17, 2011. Additional information about Duke Energy's executive officers and directors and Progress Energy's executive officers and directors can be found in the above-referenced Registration Statement on Form S-4. You can obtain free copies of these documents from Duke Energy and Progress Energy using the contact information above.

PROGRESS ON EARNINGS OBJECTIVES

1Q 2011 Adjusted Diluted EPS



Primary Adjusted Segment EBIT Drivers – 1Q 2011

USFE&G

- ▼ Weather and O&M costs
- ▲ Modernization program

COMMERCIAL POWER

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

INTERNATIONAL

- ▲ Arbitration award and contract pricing in Brazil

OTHER

- ▲ Lower corporate costs

2011 Status

On-Track to Achieve
\$1.35 - \$1.40 EPS ⁽¹⁾

(1) Based on Adjusted Diluted EPS

Long-Term Growth Target

Adjusted Diluted EPS
Growth of 4-6% ⁽²⁾

(2) Off a base of 2009 adjusted diluted EPS

STATUS OF MAJOR CONSTRUCTION PROJECTS (As of 3/31/2011)



Edwardsport – Indiana

85% Complete

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

Cliffside – Carolinas

85% Complete

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

Buck – Carolinas

82% Complete

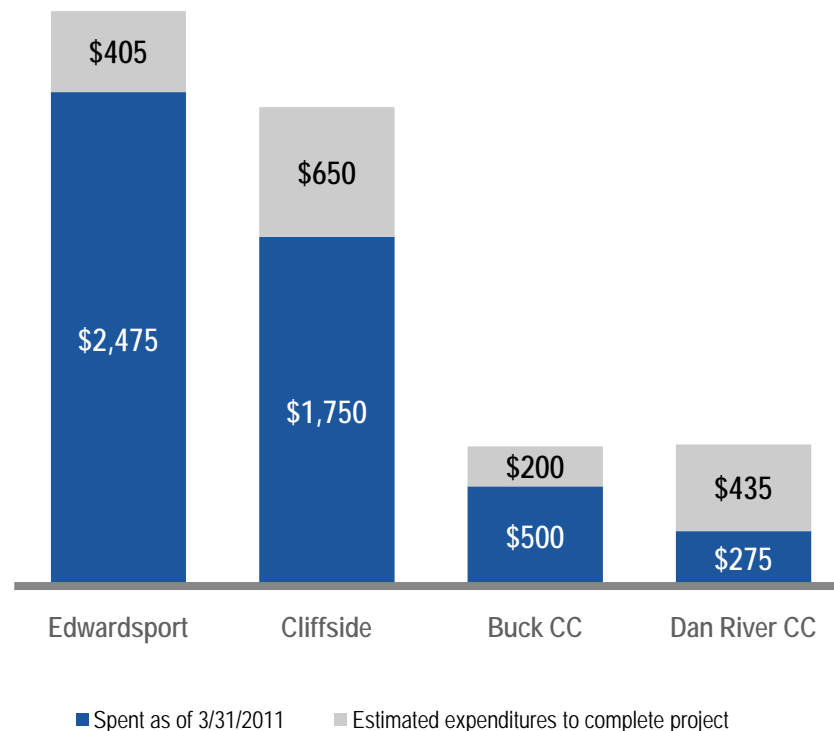
- 620 MW combined-cycle gas-fired plant
- Expected in-service in 2011
- Project is on budget

Dan River – Carolinas

43% 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

PENDING EPA REGULATIONS WILL IMPACT U.S. GENERATION

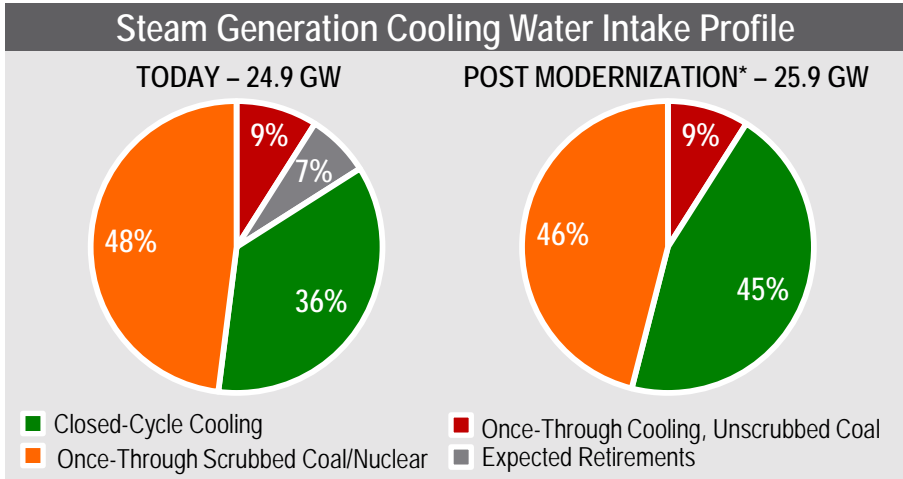
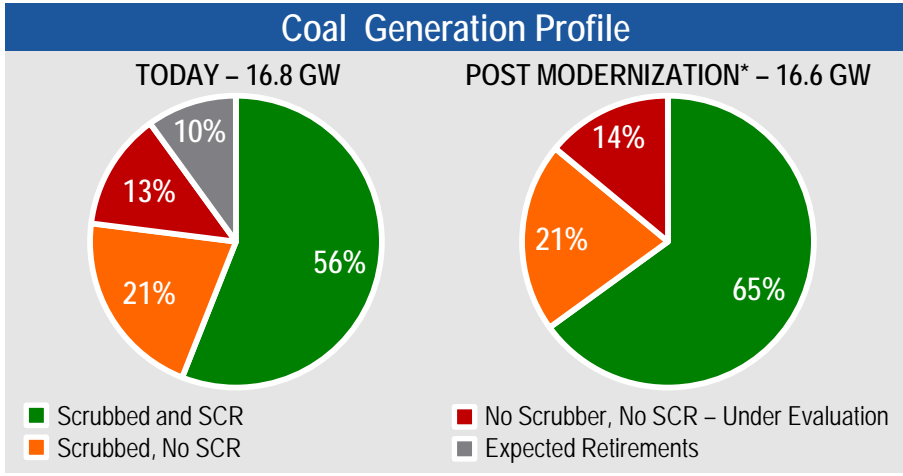


Proposed Regulations

- Coal Combustion Residuals (Coal Ash)
- Transport Rule
- Air Toxics Rule

Cooling Water Intake Structures Rule

Duke Energy Domestic Generation



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

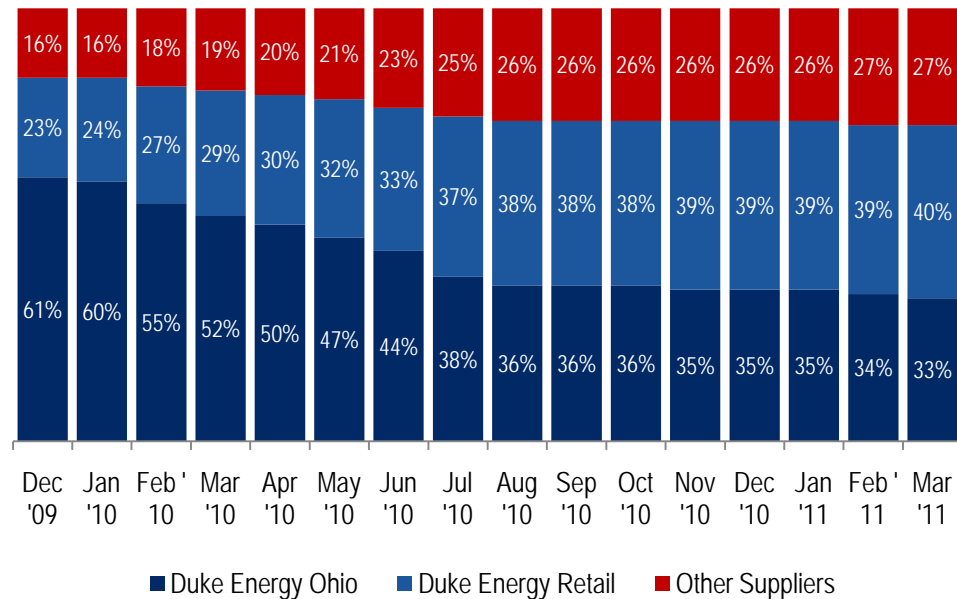
* Reflects Cliffside 6, Edwardsport IGCC, Buck CC and Dan River CC in-service as well as expected retirements

DUKE ENERGY OHIO CUSTOMER SWITCHING UPDATE



- Customer switching levels remained stable during 1Q 2011
- As of March 31, 2011
 - ~67% gross switching
 - ~27% switching, net of Duke Energy Retail
- Approximately 73% of the Duke Energy Ohio service territory generation continues to be served by Duke Energy Ohio or Duke Energy Retail

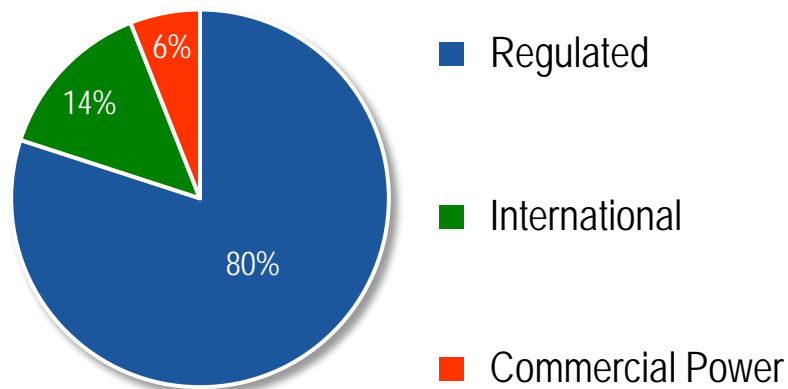
DE Ohio Generation Providers
(based on customer load)



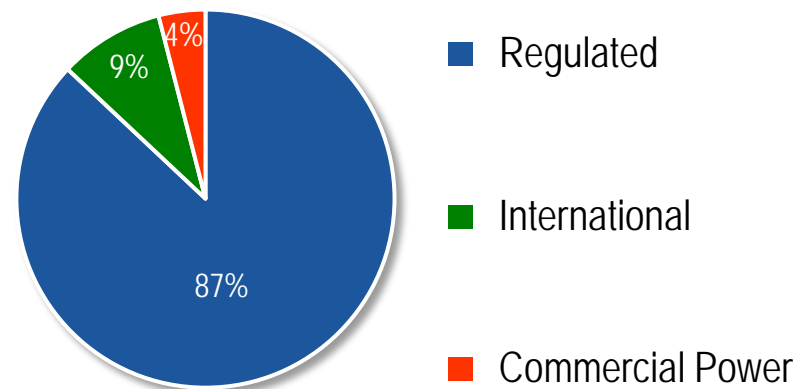
DUKE ENERGY BUSINESS MIX



Duke Energy Standalone Business Mix¹



Pro-Forma Post-Merger Business Mix²



Regulated Businesses	Commercial Businesses	
U.S. Franchised Electric & Gas	International	Commercial Power
<ul style="list-style-type: none"> ~27,000 MW of regulated generation Electric transmission & distribution to 4 million customers Natural gas distribution to 500,000 customers 	<ul style="list-style-type: none"> ~4,200 MW of Latin American generation assets Investment in National Methanol 	<ul style="list-style-type: none"> ~7,600 MW of unregulated generation <ul style="list-style-type: none"> ~4,000 MW coal ~3,600 MW gas Wind and renewable business

(1) Forecasted 2011 adjusted segment Earnings Before Interest and Taxes (EBIT) contribution (based upon midpoint of 2011 adjusted diluted EPS range of \$1.35 - \$1.40). Excludes results for the operations labeled as Other.

(2) Forecasted 2011 adjusted segment EBIT contribution (based upon midpoint of Duke Energy's 2011 adjusted diluted EPS range of \$1.35 - \$1.40 and midpoint of Progress Energy's 2011 ongoing EPS range of \$3.00 - \$3.20). Excludes Duke Energy operations labeled as "Other" and Progress Energy operations labeled as "Corporate and Other Businesses".

STATUS OF MERGER FILINGS (As of May 3, 2011)



Stakeholder	Progress on Key Milestones	Filed	Approved
Shareholder	<ul style="list-style-type: none"> Filed initial S-4 for SEC review on March 17, 2011; On April 8, 2011 and April 25, 2011, filed amendments to S-4 Shareholder meetings in 2Q/3Q 2011 	<input checked="" type="checkbox"/>	<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"> By early 3Q 2011, file for transfer of Progress Energy licenses 	<input type="checkbox"/>	<input type="checkbox"/>
Federal Energy Regulatory Commission (FERC)	<ul style="list-style-type: none"> Filed merger approval application and related filings on April 4, 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 	<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 	<input checked="" type="checkbox"/>	<input type="checkbox"/>

DUKE ENERGY'S KEY PRIORITIES



CURRENT

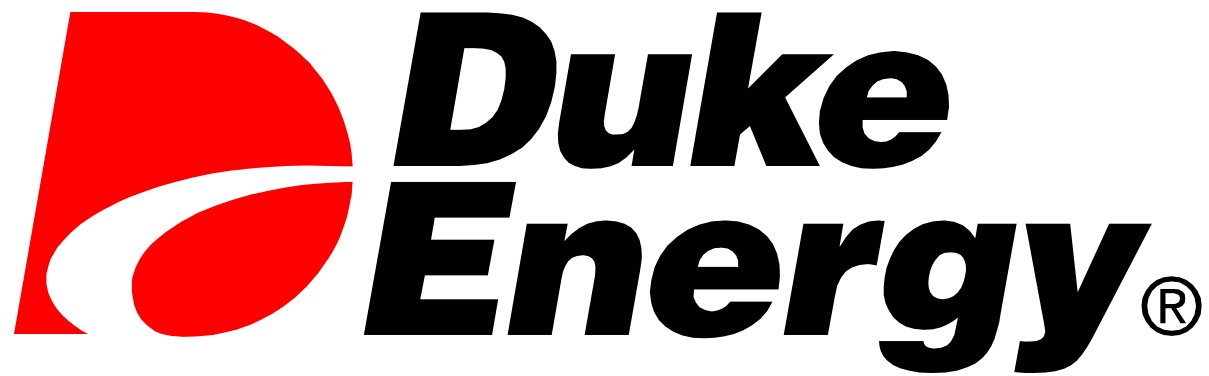
- Merger approvals
- Constructive regulatory outcomes
- Progress on modernization program
- Constructive Ohio SSO agreement
- Strategic response to Ohio switching

Achieve adjusted earnings growth of 4% – 6%

Continue to grow the dividend

ONGOING

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



Duke Energy Corporation
Non-GAAP Reconciliations
Deutsche Bank Alternative Energy, Utilities & Power Conference
May 12, 2011

Adjusted Diluted Earnings per Share (“EPS”)

The materials for Duke Energy Corporation’s (“Duke Energy”) Deutsche Bank Alternative Energy, Utilities & Power Conference meetings on May 12, 2011, include a discussion of adjusted diluted EPS for the quarters ended March 31, 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 for the quarters ended March 31, 2011 and 2010 to the most directly comparable GAAP measures are included below.

2011 Adjusted Diluted EPS Outlook

The materials for Duke Energy’s Deutsche Bank Alternative Energy, Utilities & Power Conference meetings on May 12, 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 Deutsche Bank Alternative Energy, Utilities & Power Conference meetings on May 12, 2011, include a discussion of adjusted segment EBIT and adjusted Other net expenses for the quarters ended March 31, 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 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 for the quarters ended March 31, 2011 and 2010 to the most directly comparable GAAP measures 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.

2011 Forecasted Adjusted Segment EBIT Business Mix

The materials for Duke Energy's Deutsche Bank Alternative Energy, Utilities & Power Conference meetings on May 12, 2011, include a discussion of Duke Energy's 2011 forecasted business mix by segment, based upon Duke Energy's forecasted 2011 adjusted segment EBIT. Additionally, the materials include a discussion of the pro-forma 2011 forecasted business mix by segment for the combined company, based upon Duke Energy's forecasted 2011 adjusted segment EBIT and Progress Energy Inc.'s ("Progress Energy") forecasted 2011 adjusted EBIT (which is based on the midpoint of Progress Energy's forecasted

2011 ongoing EPS range of \$3.00 - \$3.20). Progress Energy's management's use of ongoing earnings per share to evaluate the operations of Progress Energy and to establish goals for management and employees is discussed further below.

The primary performance measure used by Duke Energy's 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 as a measure of historical and anticipated future segment performance. When used for future periods, adjusted segment EBIT may also include any amounts that may be reported as discontinued operations or extraordinary items.

Adjusted segment EBIT is a non-GAAP financial measure as it represents reported segment EBIT adjusted for the impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. Management believes that the presentation of adjusted segment EBIT provides useful information to investors, as it provides them an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment EBIT is reported segment EBIT, which represents segment results from continuing operations, including any special items. Due to the forward-looking nature of this non-GAAP financial measure for 2011 and 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 for future periods.

Ohio Customer Switching Impacts to Diluted Earnings per Share

The materials for Duke Energy's Deutsche Bank Alternative Energy, Utilities & Power Conference meetings on May 12, 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 March 31, 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 27%. The level of customer switching in Ohio began to stabilize in the third and fourth quarters of 2010 and this stabilization has continued through March 31, 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 Deutsche Bank Alternative Energy, Utilities & Power Conference meetings on May 12, 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.

Progress Energy, Inc.
Non-GAAP Financial Measures
Deutsche Bank Alternative Energy, Utilities & Power Conference
May 12, 2011

Ongoing Earnings Per Share

Progress Energy's management uses ongoing earnings per share to evaluate the operations of the company and to establish goals for management and employees. Management believes this non-GAAP measure is appropriate for understanding the business and assessing our potential future performance, because excluded items are limited to those that we believe are not representative of our fundamental core earnings. Ongoing earnings as discussed in the materials for Duke Energy's Deutsche Bank Alternative Energy, Utilities & Power Conference meetings on May 12, 2011, may not be comparable to similarly titled measures used by other companies.

The ongoing earnings guidance excludes the impact, if any, from discontinued operations, the effects of certain identified gains and charges and any merger and integration costs from the proposed strategic combination with Duke Energy Corporation. Progress Energy is not able to provide a corresponding GAAP equivalent for the 2011 ongoing earnings guidance due to the uncertain nature and amount of these adjustments.

DUKE ENERGY CORPORATION
ADJUSTED TO REPORTED EARNINGS RECONCILIATION
March 2011 Year-to-Date
(Dollars in millions, except per-share amounts)

		<u>Special Items (Note 1)</u>			
	<u>Adjusted Earnings</u>	<u>Costs to Achieve, Progress Merger</u>	<u>Economic Hedges (Mark- to-Market) *</u>	<u>Total Adjustments</u>	<u>Reported Earnings</u>
<u>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</u>					
U.S. Franchised Electric and Gas	\$ 712	\$ -	\$ -	\$ -	\$ 712
Commercial Power	95	-	(4) B	(4)	91
International Energy	180	-	-	-	180
Total reportable segment EBIT	987	-	(4)	(4)	983
Other	(34)	(11) A	-	(11)	(45)
Total reportable segment and Other EBIT	\$ 953	\$ (11)	\$ (4)	\$ (15)	\$ 938
Interest Expense	(219)	-	-	-	(219)
Interest Income and Other	27	-	-	-	27
Income Taxes from Continuing Operations	(238)	4	1	5	(233)
Net Income Attributable to Noncontrolling Interests	2	-	-	-	2
Net Income (Loss) Attributable to Duke Energy Corporation	\$ 521	\$ (7)	\$ (3)	\$ (10)	\$ 511
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC	\$ 0.39	\$ (0.01)	\$ -	\$ (0.01)	\$ 0.38
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 0.39	\$ (0.01)	\$ -	\$ (0.01)	\$ 0.38

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

A - Recorded in Operation, maintenance and other (all 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	1,330
Diluted	1,331

* 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 the company's performance across periods.

DUKE ENERGY CORPORATION
ADJUSTED TO REPORTED EARNINGS RECONCILIATION
March 2010 Year-to-Date
(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	Economic Hedges (Mark-to-Market) *	Total Adjustments	
<u>SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS</u>						
U.S. Franchised Electric and Gas	\$ 744	\$ -	\$ -	\$ -		\$ 744
Commercial Power	100	-	-	29	29	B 129
International Energy	140	-	-	-		140
Total reportable segment EBIT	984	-	-	29	29	1,013
Other	(71) D	(7) A	(68) C	-	(75)	(146)
Total reportable segment and Other EBIT	\$ 913	\$ (7)	\$ (68)	\$ 29	\$ (46)	\$ 867
Interest Expense	(210)	-	-	-	-	(210)
Interest Income and Other	14	-	-	-	-	14
Income Taxes from Continuing Operations	(246)	3	27	(10)	20	(226)
<i>Net Income (Loss) Attributable to Duke Energy Corporation</i>	<u>\$ 471</u>	<u>\$ (4)</u>	<u>\$ (41)</u>	<u>\$ 19</u>	<u>\$ (26)</u>	<u>\$ 445</u>
<u>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</u>	<u>\$ 0.36</u>	<u>\$ -</u>	<u>\$ (0.03)</u>	<u>\$ 0.01</u>	<u>\$ (0.02)</u>	<u>\$ 0.34</u>
<u>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</u>	<u>\$ 0.36</u>	<u>\$ -</u>	<u>\$ (0.03)</u>	<u>\$ 0.01</u>	<u>\$ (0.02)</u>	<u>\$ 0.34</u>

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

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

B - \$21 million gain recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$8 million gain recorded within Fuel used in electric generation and purchased power-non-regulated (Operating Expenses) on the Condensed Consolidated Statements of Operations.

C - \$65 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.

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,310
Diluted	1,311

* 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'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 the company's performance across periods.

DUKE ENERGY CORPORATION
ADJUSTED TO REPORTED EARNINGS RECONCILIATION
December 2010 Year-to-Date
(Dollars in millions, except per-share amounts)

	Special Items (Note 1)									
	Adjusted Earnings	Costs to Achieve, Cinergy Merger	Voluntary Opportunity Plan/Office Consolidation Costs	Goodwill and Other Impairments	Litigation Reserve	Asset Sales	Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Reported Earnings
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS										
U.S. Franchised Electric and Gas	\$ 2,966	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,966
Commercial Power	398	-	-	(660) E	-	-	33 B	-	(627)	(229)
International Energy	486	-	-	-	-	-	-	-	-	486
Total reportable segment EBIT	3,850	-	-	(660)	-	-	33	-	(627)	3,223
Other	(278)	(27) A	(172) D	-	(26) F	248 G	-	-	23	(255)
Total reportable segment and Other EBIT	\$ 3,572	\$ (27)	\$ (172)	\$ (660)	\$ (26)	\$ 248	\$ 33	\$ -	\$ (604)	\$ 2,968
Interest Expense	(840)	-	-	-	-	-	-	-	-	(840)
Interest Income and Other	82	-	-	-	-	-	-	-	-	82
Income Taxes from Continuing Operations	(929)	10	67	58	10	(94)	(12)	-	39	(890)
Discontinued Operations, net of taxes	-	-	-	-	-	-	-	3 C	3	3
Net Income Attributable to Noncontrolling Interests	3	-	-	-	-	-	-	-	-	3
Net Income (Loss) Attributable to Duke Energy Corporation	\$ 1,882	\$ (17)	\$ (105)	\$ (602)	\$ (16)	\$ 154	\$ 21	\$ 3	\$ (562)	\$ 1,320
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC	\$ 1.43	\$ (0.01)	\$ (0.08)	\$ (0.46)	\$ (0.01)	\$ 0.12	\$ 0.01	\$ -	\$ (0.43)	\$ 1.00
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 1.43	\$ (0.01)	\$ (0.08)	\$ (0.46)	\$ (0.01)	\$ 0.12	\$ 0.01	\$ -	\$ (0.43)	\$ 1.00

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

A - \$23 million recorded in Depreciation and amortization and \$4 million recorded in Operation, maintenance and other (all Operating Expenses) on the Condensed Consolidated Statements of Operations.

B - \$6 million gain recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$27 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 - \$164 million recorded in Operation, maintenance and other (all Operating Expenses) and \$8 million recorded in Property and other taxes on the Condensed Consolidated Statements of Operations.

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

F - Recorded in Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

G - \$109 million gain on Q-Comm sale recorded in Gains on sales and impairments of unconsolidated affiliates within Other Income and Expense and \$139 million gain on DukeNet sale recorded in Gains on sales of Other assets and Other, net on the Condensed Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,318
Diluted	1,319

* 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
December 2009 Year-to-Date
(Dollars in millions, except per-share amounts)

Special Items (Note 1)

	Adjusted Earnings	Costs to Achieve, Cinergy Merger	Crescent Related Guarantees and Tax Adjustments	International Transmission Adjustment	Goodwill and Other Impairments	Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Reported Earnings
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS									
U.S. Franchised Electric and Gas	\$ 2,321	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,321
Commercial Power	500	-	-	-	(413) D	(60) B	-	(473)	27
International Energy	409	-	-	(26) E	(18) D	-	-	(44)	365
Total reportable segment EBIT	3,230	-	-	(26)	(431)	(60)	-	(517)	2,713
Other	(200)	(25) A	(26) F	-	-	-	-	(51)	(251)
Total reportable segment and Other EBIT	\$ 3,030	\$ (25)	\$ (26)	\$ (26)	\$ (431)	\$ (60)	\$ -	\$ (568)	\$ 2,462
Interest Expense	(745)	-	-	(6)	-	-	-	(6)	(751)
Interest Income and Other	120	-	-	-	-	-	-	-	120
Income Taxes from Continuing Operations	(818)	10	(3)	10	21	22	-	60	(758)
Discontinued Operations, net of taxes	-	-	-	-	-	-	12 C	12	12
Net Income Attributable to Noncontrolling Interests	10	-	-	-	-	-	-	-	10
Net Income (Loss) Attributable to Duke Energy Corporation	\$ 1,577	\$ (15)	\$ (29)	\$ (22)	\$ (410)	\$ (38)	\$ 12	\$ (502)	\$ 1,075
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC	\$ 1.22	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.32)	\$ (0.03)	\$ 0.01	\$ (0.39)	\$ 0.83
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 1.22	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.32)	\$ (0.03)	\$ 0.01	\$ (0.39)	\$ 0.83

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

A - \$5 million recorded in Operation, maintenance and other and \$20 million recorded in Depreciation and amortization (all Operating Expenses) on the Consolidated Statements of Operations.

B - \$2 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$58 million loss recorded within Fuel used in electric generation and purchased power-non-regulated (Operating Expenses) on the Consolidated Statements of Operations.

C - Recorded in Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

D - \$413 million recorded in Goodwill and other impairment charges within Operating Expenses and \$18 million recorded in Losses on sales and impairments of unconsolidated affiliates within Other income and expenses on the Consolidated Statements of Operations.

E - \$30 million recorded in Operations, maintenance and other, \$2 million recorded as a reduction to fuel used in electric generation and purchased power - non-regulated, and \$2 million as a reduction to Net income (loss) attributable to noncontrolling interests on the Consolidated Statements of Operations.

F - Recorded in Other income and expenses, net on the Consolidated Statement of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,293
Diluted	1,294

* 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'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
Forecasted 2011 Diluted Earnings Per Share ("EPS") Growth Excluding Favorable 2010 Weather Impacts
Deutsche Bank Alternative Energy, Utilities & Power Conference
May 12, 2011
(\$ in millions, except for per share amounts)

	(1)	(1)	(2)	(2)	(2)	(3)	(3)		
	2010 Reported Earnings	Total 2010 Adjustments to Reported Earnings	2010 Adjusted Earnings	2010 Impact of Favorable Weather on Segment EBIT	2010 Weather Normalized Incentive Compensation Expense	2010 Weather Normalized Adjusted Earnings	2011 Forecasted Adjusted EBIT	Forecasted Change 2010 to 2011E	2011 Forecasted After Tax Diluted EPS Effects by Segment
U.S. Franchised Electric and Gas (USFE&G)	\$ 2,966		\$ 2,966	\$ 305	\$ (55)	\$ 2,716	\$ 2,995	\$ 279	\$ 0.14
Commercial Power	(229)	(627)	398	15	(5)	388	215	(173)	(0.09)
International Energy	486		486			486	550	64	0.03
Total reportable segment EBIT	3,223	(627)	3,850	320	(60)	3,590	3,760		
Other	(255)	23	(278)		(5)	(273)	(220)	53	0.03
Total reportable segment and Other EBIT	2,968	(604)	3,572	320	(65)	3,317	3,540	223	0.11
Interest Expense	(840)		(840)			(840)	(920)	(80)	(0.04)
Interest Income and Other	82		82			82	53	(29)	(0.02)
Income Taxes from Continuing Operations	(890)	39	(929)	(106)	21	(845)	(845)	-	-
Discontinued Operations, net of taxes	3	3	-			-	-	-	(4)
Net Income Attributable to Noncontrolling Interests	(3)		(3)			(3)	(3)	-	-
Net Income(Loss) Attributable to Duke Energy Corporation	\$ 1,320	\$ (562)	\$ 1,882	\$ 214	\$ (44)	\$ 1,711	\$ 1,825	\$ 114	
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC	\$ 1.00	\$ (0.43)	\$ 1.43	\$ 0.16	\$ (0.03)	\$ 1.30	\$ 1.38		
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 1.00	\$ (0.43)	\$ 1.43	\$ 0.16	\$ (0.03)	\$ 1.30	\$ 1.38		

Effect of Forecasted Change in Adjusted Effective Tax Rate (see table below) 0.03
Total Forecasted Increase in Weather Normalized Adjusted Diluted EPS \$ 0.08

Weighted Average Outstanding Shares	Weighted Average Outstanding Shares	Effective Tax Rates ("ETR"):	
Year Ended December 31, 2010:	4th Quarter Ended December 31, 2010:	2010 Reported	40%
Basic	Basic	2010 Adjusted	33%
Diluted	(3) Diluted	2011 Forecasted	32%

(4) **EPS Effect of the Forecasted Change in Adjusted Effective Tax Rate:**

2010 Weather Normalized Adjusted Income Taxes from Continuing Operations, based on 2010 Adjusted ETR of 33%	\$ (845)
2010 Weather Normalized Adjusted Income Taxes from Continuing Operations, based on 2011 Forecasted Adjusted ETR of 32%	(809)
Net Effect	<u>\$ 36</u>
Diluted Adjusted EPS Effect	<u>\$ 0.03</u>

Notes:

- (1) Reported diluted earnings per share for 2010 was \$1.00. Adjusted diluted earnings per share for 2010 was \$1.43. Weather-related and corresponding employee incentive compensation expense EPS impacts are reflected within these reported and adjusted results for 2010. The most directly comparable GAAP measure for adjusted diluted EPS and the diluted EPS impact of the aforementioned weather impacts is reported diluted EPS from continuing operations. A reconciliation of adjusted diluted EPS to reported diluted EPS is included with these materials.
- (2) Management prepares its annual forecast of adjusted diluted earnings per share based in part on normalized weather patterns. In the year ended December 31, 2010, Duke Energy experienced favorable weather in both the summer and winter seasons. For the year, cooling degree days in the Carolinas and the Midwest were more than 30 percent higher than normal and heating degree days were favorable to normal by 16 percent in the Carolinas and 7 percent in the Midwest. Favorable weather resulted in an approximate \$320 million increase in margins (operating revenues less fuel used in electric generation and purchased power). Incentive employee compensation expense was approximately \$65 million higher than budgeted expectations in part due to favorable weather. Additional revenue and expense items that might have been attributable to the above-normal weather conditions in 2010, such as increased operations and maintenance expenses, are not reflected in the calculation of the diluted EPS impact. The adjusted diluted EPS impact of these items is a non-GAAP financial measure. The most directly comparable GAAP measure for the adjusted diluted EPS impact of the aforementioned weather and incentive employee compensation is reported diluted EPS from continuing operations attributable to Duke Energy common shareholders, as discussed in (1) above. In the 2010, given the record-setting nature of the weather conditions, management believes the presentation of weather-normalized adjusted diluted EPS provides useful supplemental information to investors, as it provides them an additional relevant comparison of Duke Energy's performance across periods.
- (3) The primary performance measure used by management to evaluate segment performance is segment EBIT from continuing operations, the GAAP measure used to report segment results, which at the segment level represents all profits from continuing operations (both operating and non-operating), including any equity earnings of unconsolidated affiliates, before deducting interest and taxes, and is net of the income attributable to non-controlling interests. Duke Energy also uses adjusted segment EBIT and adjusted Other net expenses as a measure of historical and anticipated future segment and Other performance. 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, as defined in a separate section of these materials. 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 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. Forecasted adjusted EPS impact by segment and Other is herein used as an illustration tool to assist users in understanding the key adjusted diluted EPS drivers for 2011 versus 2010. The 2011 forecasted adjusted EPS measure by segment and Other is a simplified calculation that excludes interest expense on debt of the individual segments—forecasted interest expense is illustrated separately—and applies a forecasted overall expected 2011 adjusted effective corporate tax rate that may not be directly equivalent to the forecasted tax rates of the individual segments and Other. Weighted average diluted shares outstanding for the quarter ended December 31, 2010, were used in the simplified calculation of forecasted adjusted EPS impact by segment and Other. Due to the forward-looking nature of this non-GAAP financial measure for 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 amounts for future periods.
- (4) The increase in income before income taxes for forecasted changes in segment and Other EBIT, interest expense, and interest income and other is approximately \$114 million. These amounts have been tax affected at the 2011 forecasted adjusted effective tax rate of 32 percent in their respective line items for incremental tax expense of approximately \$36 million reflecting a forecasted reduction from the adjusted effective tax rate of 33 percent for 2010. The reported effective tax rate for 2010 was 40 percent. Excluding goodwill impairment charges of \$500 million in 2010, which are non-deductible for tax purposes, and other special items the effective tax rate would have been approximately 33 percent.