

Duke Energy Corporation
Non-GAAP Reconciliations
Fourth Quarter Earnings Review and Business Update
February 5, 2009

Adjusted Diluted Earnings per Share (“EPS”)

The materials for Duke Energy Corporation’s (“Duke Energy”) Fourth Quarter Earnings Review and Business Update presentation on February 5, 2009 include a discussion of adjusted diluted EPS for the quarters and years ended December 31, 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 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, 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 years ended December 31, 2008 and 2007 to the most directly comparable GAAP measures are included below.

2008 and 2009 Employee EPS Incentive Target Measures

The materials for Duke Energy’s Fourth Quarter Earnings Review and Business Update presentation on February 5, 2009 include a discussion of Duke Energy’s 2008 employee EPS incentive target of \$1.27, with minimum incentive payouts occurring if results are equal to \$1.20 per share. Additionally, the materials reference the 2009 EPS incentive target of \$1.20 per share. The EPS measure used for employee incentive bonuses is primarily based on adjusted diluted EPS. The materials also reference the forecasted range of growth in adjusted diluted EPS through 2013 (on a compound annual growth rate (“CAGR”) basis) from a base of adjusted diluted EPS for 2008 of \$1.21. 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 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')"). 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 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 diluted EPS for the year-ended December 31, 2008 was \$1.21. A reconciliation of adjusted diluted EPS to reported diluted EPS for the year-ended December 31, 2008 is included herein.

Adjusted Segment EBIT and Other Net Expenses for 2007 and 2008 and Forecasted Adjusted Segment EBIT and Other Net Expenses for 2009

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update presentation on February 5, 2009 include a discussion of adjusted segment EBIT and Other net expenses for the quarters and years ended December 31, 2008 and 2007 and a discussion of forecasted 2009 adjusted segment EBIT and Other net expenses. In addition, the materials include a reference to management's current expectation that the Midwest gas-fired generation assets (a component of the Commercial Power segment), will be EBIT positive by 2009, on an adjusted EBIT basis. Additionally, reference is made to Duke Energy's equity method investment in National Methanol Company (a component of the International Energy segment), and its equity method earnings contribution as a percentage on International Energy's segment EBIT, on an adjusted basis. 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 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')"). 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 years ended December 31, 2008 and 2007 to the most directly comparable GAAP measures are included below. Due to the forward-looking nature of this non-GAAP financial measure for 2009, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project special items or mark-to-market adjustments for future periods.

DUKE ENERGY CORPORATION
ADJUSTED TO REPORTED EARNINGS RECONCILIATION
December 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	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS							
U.S. Franchised Electric and Gas	\$ 519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 519
Commercial Power	25	-	-	13 B	-	13	38
International Energy	105	-	-	-	-	-	105
Total reportable segment EBIT	649	-	-	13	-	13	662
Other	(83)	(16) A	4 A	-	-	(12)	(95)
Total reportable segment EBIT and other EBIT	\$ 566	\$ (16)	\$ 4	\$ 13	\$ -	\$ 1	\$ 567
Interest Expense	(186)	-	-	-	-	-	(186)
Interest Income and Other	49	-	-	-	-	-	49
Income Taxes from Continuing Operations	(116)	5	(1)	(5)	-	(1)	(117)
Discontinued Operations, net of taxes	-	-	-	-	(70) C	(70)	(70)
Net Income	\$ 313	\$ (11)	\$ 3	\$ 8	\$ (70)	\$ (70)	\$ 243
EARNINGS PER SHARE, BASIC	\$ 0.25	\$ (0.01)	\$ -	\$ 0.01	\$ (0.06)	\$ (0.06)	\$ 0.19
EARNINGS PER SHARE, DILUTED	\$ 0.25	\$ (0.01)	\$ -	\$ 0.01	\$ (0.06)	\$ (0.06)	\$ 0.19

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

A - \$8 million recorded in Operation, maintenance and other and \$4 million recorded in Depreciation and amortization (all Operating Expenses) on the Consolidated Statements of Operations.

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

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

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,262
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
December 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		
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS									
U.S. Franchised Electric and Gas	\$ 2,305	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,305
Commercial Power	265	-	-	-	-	13 B	-	13	278
International Energy	388	-	-	-	-	-	-	-	388
Total reportable segment EBIT	2,958	-	-	-	-	13	-	13	2,971
Other	(197)	(21) D	(54) A	(12) A	24 A	-	-	(63)	(260)
Total reportable segment EBIT and other EBIT	\$ 2,761	\$ (21)	\$ (54)	\$ (12)	\$ 24	\$ 13	\$ -	\$ (50)	\$ 2,711
Interest Expense	(685)	-	-	-	-	-	-	-	(685)
Interest Income and Other	208	-	-	-	-	-	-	-	208
Income Taxes from Continuing Operations	(721)	-	19	4	(9)	(5)	-	9	(712)
Discontinued Operations, net of taxes	-	-	-	-	-	-	(22) C	(22)	(22)
Net Income	\$ 1,563	\$ (21)	\$ (35)	\$ (8)	\$ 15	\$ 8	\$ (22)	\$ (63)	\$ 1,500
EARNINGS PER SHARE, BASIC	\$ 1.24	\$ (0.02)	\$ (0.03)	\$ -	\$ 0.01	\$ 0.01	\$ (0.02)	\$ (0.05)	\$ 1.19
EARNINGS PER SHARE, DILUTED	\$ 1.23	\$ (0.02)	\$ (0.03)	\$ -	\$ 0.01	\$ 0.01	\$ (0.02)	\$ (0.05)	\$ 1.18

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

A - \$32 million recorded in Operation, maintenance and other and \$10 million recorded in Depreciation and amortization (all Operating Expenses) on the Consolidated Statements of Operations.

B - \$54 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$67 million gain recorded within Fuel used in electric generation and purchased power-non-regulated (Operating Expenses) on the Consolidated Statements of Operations.

C - Recorded in Income (Loss) 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	1,260
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
December 2008 Quarter-to-Date
(Dollars in millions, except per-share amounts)

	<u>Special Items (Note 1)</u>					
	Adjusted Earnings	Costs to Achieve, Cinergy Merger	Economic Hedges (Mark- to-Market) *	Discontinued Operations/ Extraordinary Items	Total Adjustments	Reported Earnings
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS						
U.S. Franchised Electric and Gas	\$ 532	\$ -	\$ -	\$ -	\$ -	\$ 532
Commercial Power	101	-	(110) B	-	(110)	(9)
International Energy	104	-	-	-	-	104
Total reportable segment EBIT	737	-	(110)	-	(110)	627
Other	(98)	(10) A	-	-	(10)	(108)
Total reportable segment and Other EBIT	\$ 639	\$ (10)	\$ (110)	\$ -	\$ (120)	\$ 519
Interest Expense	(189)	-	-	-	-	(189)
Interest Income and Other	27	-	-	-	-	27
Income Taxes from Continuing Operations	(139)	4	40	-	44	(95)
Discontinued Operations, net of taxes	-	-	-	2 C	2	2
Extraordinary Items, net of taxes	-	-	-	67 D	67	67
Net Income	\$ 338	\$ (6)	\$ (70)	\$ 69	\$ (7)	\$ 331
EARNINGS PER SHARE, BASIC						
	\$ 0.27	\$ -	\$ (0.06)	\$ 0.05	\$ (0.01)	\$ 0.26
EARNINGS PER SHARE, DILUTED						
	\$ 0.27	\$ -	\$ (0.06)	\$ 0.05	\$ (0.01)	\$ 0.26

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

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

B - \$34 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$76 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 (Loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

D - Recorded in Extraordinary Items, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	1,267
Diluted	1,270

* 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 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
December 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/ Extraordinary Items	Total Adjustments	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS								
U.S. Franchised Electric and Gas	\$ 2,398	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,398
Commercial Power	421	-	-	(82) F	(75) B	-	(157)	264
International Energy	411	-	-	-	-	-	-	411
Total reportable segment EBIT	3,230	-	-	(82)	(75)	-	(157)	3,073
Other	(310)	(44) A	(214) E	-	-	-	(258)	(568)
Total reportable segment and Other EBIT	\$ 2,920	\$ (44)	\$ (214)	\$ (82)	\$ (75)	\$ -	\$ (415)	\$ 2,505
Interest Expense	(741)	-	-	-	-	-	-	(741)
Interest Income and Other	131	-	-	-	-	-	-	131
Income Taxes from Continuing Operations	(773)	17	83	30	27	-	157	(616)
Discontinued Operations, net of taxes	-	-	-	-	-	16 C	16	16
Extraordinary Items, net of taxes	-	-	-	-	-	67 D	67	67
Net Income	\$ 1,537	\$ (27)	\$ (131)	\$ (52)	\$ (48)	\$ 83	\$ (175)	\$ 1,362
EARNINGS PER SHARE, BASIC	\$ 1.21	\$ (0.02)	\$ (0.10)	\$ (0.04)	\$ (0.04)	\$ 0.07	\$ (0.13)	\$ 1.08
EARNINGS PER SHARE, DILUTED	\$ 1.21	\$ (0.02)	\$ (0.10)	\$ (0.04)	\$ (0.04)	\$ 0.06	\$ (0.14)	\$ 1.07

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

A - \$21 million recorded in Operation, maintenance and other and \$23 million recorded in Depreciation and amortization (all Operating Expenses) on the Consolidated Statements of Operations.

B - \$72 million loss recorded within Non-regulated electric, natural gas, and other (Operating Revenues) and \$3 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 (Loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

D - Recorded in Extraordinary Items, net of tax on the Consolidated Statements of Operations.

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

F - Recorded in Impairment 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 in the non-native portfolio, which is recognized in earnings immediately as such derivative contracts do not qualify for hedge accounting, used in Duke Energy's hedging 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.

Available Liquidity Reconciliation
As of December 31, 2008
(In millions)

Cash and Cash Equivalents	\$986	
Short-Term Investments	<u>51</u>	
Subtotal	1,037	
Less: Amounts Held in Foreign Jurisdictions	<u>(435)</u>	
	\$602	
Plus: Remaining Availability under Master Credit Facility	<u>1,177</u>	
Total Available Liquidity as of December 31, 2008 (a)	<u><u>\$1,779</u></u>	(approximately \$1.8 billion)

- (a) 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
Fourth Quarter Earnings Review and Business Update
Cash Flow Reconciliation Required by SEC Regulation G
February 5, 2009

(\$ in Millions)

	Forecast 2009
Primary Sources:	
Net income (1)	a \$ 1,550
Depreciation & amortization	a 1,825
Total Primary Sources	<u>3,375</u>
Primary Uses:	
Capital and Investment Expenditures	b (4,750)
Dividends	c (1,200)
Other Sources/(Uses), net	b, (4) 825
Total Primary Uses	<u>(5,125)</u>
Net Cash, Cash Equivalents, and Short-term Investments Used and Debt Financings	<u>\$ (1,750)</u>

Reconciliations to amounts per U.S. GAAP reporting:

Operating cash flow components from above [summation of (a)]	\$ 3,375
Reconciling items to GAAP operating cash flow (2)	50
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 3,425</u>

Investing cash flow components from above [summation of (b)]	\$ (3,925)
Reconciling items to GAAP investing cash flow (3)	(100)
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ (4,025)</u>

Financing cash flow components from above [item (c)]	\$ (1,200)
Reconciling items to GAAP financing cash flow (5)	1,375
Net cash provided by financing activities per GAAP Consolidated Statement of Cash Flows	<u>\$ 175</u>

Notes:

(1) The net income of \$1,550 million for 2009 is based on Duke Energy's 2009 employee incentive earnings target of \$1.20 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 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 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, 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 all special items or mark-to-market adjustments for 2009.

(2) Amount consists primarily of an adjustment for operating cash flow items included in the "Other Sources/(Uses), net" which are combined for the GAAP reconciliation in Investing activities (principally deferred income taxes and various changes in working capital offset by contributions to company-sponsored pension plans and equity allowance for funds used during construction).

(3) Amount includes an adjustment for operating cash flow items included in the "Other Sources/(Uses), net" which are combined for the GAAP reconciliation in Investing activities (as described in (2) above), as well as other investing activities.

(4) After reclassification of the approximate net \$50 million of operating cash flow activity, the amount within investing activities from the "Other Sources/(Uses), net" line item primarily reflects proceeds related to plans to pursue monetization of select Midwest gas plants and other investing activities.

(5) Amount consists primarily of net other financing activities including debt issues, debt retirements, changes in amounts of commercial paper outstanding and proceeds from the issuance of common stock under dividend reinvestment plans and other internal plans.