

Third Quarter Earnings Review



November 2, 2007

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Chairman, President and Chief Executive Officer

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Safe Harbor Statement



Some of the statements in this document concerning future company performance will be forward-looking within the meanings of the securities laws. Actual results may materially differ from those discussed in these forward-looking statements, and you should refer to the additional information contained in Duke Energy's 2006 Form 10-K filed with the SEC and our other SEC filings concerning factors that could cause those results to be different than contemplated in today's discussion.

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.

Earnings Summary



	3Q07	3Q06
DUK Reported Diluted Earnings per Share	\$ 0.48	\$ 0.60
Special Items	-	(0.09)
Discontinued Operations	-	(0.22)
DUK Ongoing Diluted Earnings per Share	\$ 0.48	\$ 0.29

- Increase in ongoing earnings due to improved results at FE&G, Commercial Power and International
 - Increase in ongoing EBIT of approximately 21% in these three segments combined, compared to 3Q06
- Partially offset by lower results at Crescent
- 3Q07 special items:
 - Costs to achieve Cinergy merger of \$(0.01) per share, offset by settlement reserve adjustment of \$0.01 per share

U.S. Franchised Electric & Gas



Reported & Ongoing Segment EBIT		(\$ millions)	
	3Q07	3Q06	
Reported Segment EBIT	\$ 760	\$ 678	
Special Items	-	-	
Ongoing Segment EBIT	\$ 760	\$ 678	

- 3Q07 segment EBIT increased by \$82 million over 3Q06
- Increase due primarily to:
 - Favorable weather
 - Cooling degree days were up 24% in Carolinas and 35% in the Midwest
 - Substantial completion of merger-related rate reductions
 - Increased wholesale contribution
- Primarily offset by:
 - Higher O&M due primarily to accruing incentive amounts to above target
 - Higher N.C. Clean Air amortization of \$12 million
 - \$75 million for the quarter – completed statutory requirement
- 3Q07 results also include bulk power marketing contribution of \$12 million (net of sharing)

Commercial Power



Reported & Ongoing Segment EBIT (\$ millions)		
	3Q07	3Q06
Reported Segment EBIT	\$ 121	\$ 57
Special Items	-	-
Ongoing Segment EBIT	\$ 121	\$ 57

- 3Q07 segment EBIT improved \$64 million over 3Q06
- Increase due primarily to:
 - Timing of fuel and purchased power collections
 - Favorable weather
 - Improved results from Midwest gas-fired generation
- Offset primarily by increased synfuel costs (before the benefit of tax credits)

International Energy



Reported & Ongoing Segment EBIT (\$ millions)		
	3Q07	3Q06
Reported Segment EBIT	\$ 92	\$ 68
Special Items	-	-
Ongoing Segment EBIT	\$ 92	\$ 68

- 3Q07 segment EBIT increased \$24 million compared to 3Q06
- Increase primarily due to increased margins in Peru from increased spot prices
- Partially offset by lower sales volumes in Argentina

Crescent Resources



Reported & Ongoing Segment EBIT (\$ millions)		
	3Q07	3Q06
Reported Segment EBIT	\$ 10	\$ 300
Special Items	-	(246)
Ongoing Segment EBIT	\$ 10	\$ 54

- 3Q07 ongoing segment results declined compared to 3Q06, due primarily to:
 - Lower developed lot and legacy land sales
 - 3Q07 results represent Duke's effective 50% ownership

Other



Reported & Ongoing Net Expense (\$ millions)		
	3Q07	3Q06
Reported Net Expense	\$ 44	\$ 151
Special Items	5	(19)
Ongoing Net Expense	\$ 49	\$ 132

- 3Q07 ongoing net expense improved by \$83 million, compared to 3Q06 due primarily to lower costs related to captive insurance and reduced corporate governance costs
- 3Q07 special items include:
 - Settlement reserve adjustment benefit of \$20 million
 - Cinergy merger costs-to-achieve of \$15 million

Other Items



- Net cash balance of approximately \$1.1 billion on 9/30/07
 - ~\$1.6 billion of cash, cash equivalents and short-term investments
 - Net of ~\$500 million in short-term commercial paper
- Interest income and other for the quarter was \$73 million, compared to \$21 million for 3Q06
 - Increase primarily due to interest income related to an anticipated federal tax settlement
- Interest expense for the quarter was \$178 million compared to \$182 million for 3Q06
- 3Q07 effective tax rate of 27% compared to 39% in 3Q06
 - 3Q07 tax rate includes recognition of \$66 million in synfuel credits
- Projected effective tax rate of 27% for 2007

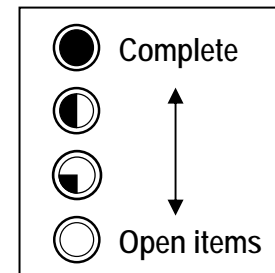
Five-Year Outlook



- 5% to 7% ongoing diluted EPS growth through 2012 from 2007 employee incentive target base of \$1.15
- CapEx from 2008 to 2012
 - ~\$23 billion total
 - \$19 billion USFE&G
- Significant expansion of generation portfolio
- Proactive regulatory strategy

Resolving Regulatory Uncertainty

Activity	Comments	Status
N.C. energy legislation	▪ Passed	●
S.C. energy legislation	▪ Passed	●
N.C. rate case	▪ Pending settlement	◐
Ohio RSP	▪ Remand order received	●
Ohio energy legislation	▪ Working to achieve legislation by early 2008	◐
Cliffside	▪ Received CPCN; awaiting air permit	◐
IGCC	▪ Awaiting CPCN and air permit	◐
Nuclear	▪ COL and CPCN to be filed	◑



N.C. Rate Case Update



- Partial settlement filed October 5
 - 11% ROE
 - 53% common equity
 - BPM sharing in N.C. from 50% to 90%
 - N.C. Clean Air
 - Capitalize all expenditures above \$1.05 billion
 - ~\$800 million remaining
 - Not expected to have a material impact on earnings
- Expect Commission order by December 2007

Ohio Update



- Senate Bill 221
 - Amended bill provides workable framework for
 - Technology development
 - New generation
 - Environmental improvement
 - Energy efficiency
 - Working to achieve passage by early 2008
- RSP remand
 - Order received in October
 - Affirmed existing RSP

New Generation Update



Facility / Program	Comments
Cliffside	<ul style="list-style-type: none">Final air permit expected 4Q07
IGCC	<ul style="list-style-type: none">Anticipate order 4Q07Final air permit expected 1Q08
Buck and Dan River Combined-Cycle*	<ul style="list-style-type: none">Expect to file CPCN in N.C. 4Q07
Lee Nuclear Station*	<ul style="list-style-type: none">COL to be filed 4Q07CPCN in S.C. to be filed in 2008
Renewables	<ul style="list-style-type: none">Issued RFP in IN for up to 200 MW by 2011
Energy Efficiency	<ul style="list-style-type: none">Save a watt plans introduced in N.C., S.C. and INExpanded energy efficiency offerings in OH and KY

**Integrated Resource Plan (IRP) to be filed in December 2007*

Climate Change

- Ideal legislation
 - Economy-wide, market-based cap and trade program
 - Safety valve price mechanism
 - Proper allocation of allowances
 - Support development of new technologies
 - Remove barriers to deployment of nuclear energy
- Lieberman / Warner legislation
 - Does not adequately protect consumers dependent on electricity generated from coal

Commercial Business Update

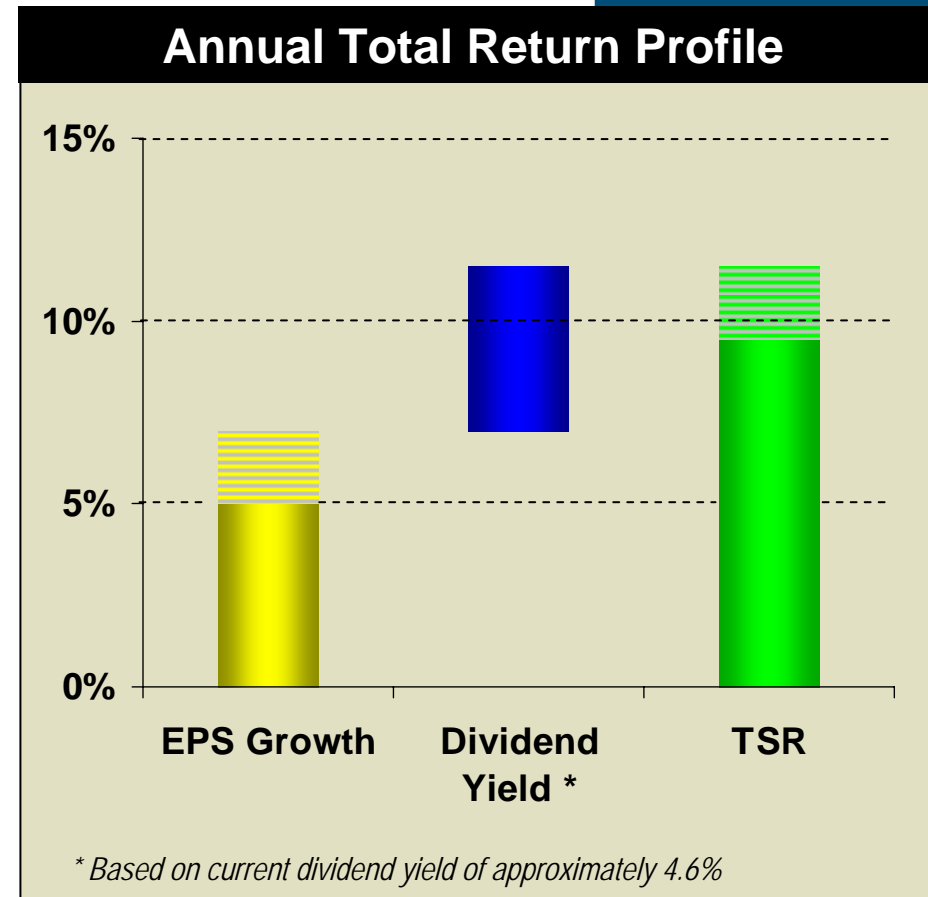


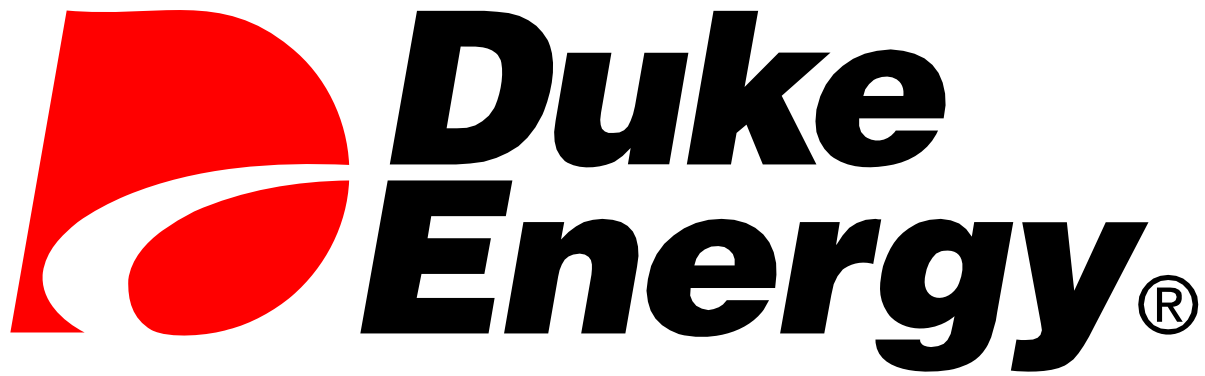
- Projecting 8% to 10% CAGR in combined ongoing segment EBIT from 2008 base
- Strong operational performance
- Commercial Power
 - Continue to see PJM market tightening
 - Favorable PJM capacity auction pricing
 - Improved performance of Midwest gas-fired plants
- International
 - Favorable macroeconomic trends continue
 - Expansion funded with operating cash flows
- Continue prudent development of wind generation business

Value Proposition



- Proactive regulatory strategy
- 5% to 7% ongoing diluted EPS growth through 2012 from 2007 employee incentive target base of \$1.15
- Annual dividend growth
- No anticipated equity offerings through 2012 excluding internal plans (e.g., dividend reinvestment plan "DRIP")
- Strong balance sheet provides flexibility





Duke Energy Corporation
Non-GAAP Reconciliations
Third Quarter 2007 Earnings Review
November 2, 2007

Ongoing Diluted Earnings per Share (“EPS”)

The materials for Duke Energy Corporation’s (“Duke Energy”) Third Quarter 2007 Earnings Review include a discussion of ongoing diluted EPS for the three and nine month periods ended September 30, 2007 and 2006. Ongoing 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. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations which includes the impact of special items.

2007 Employee EPS Incentive Target Measure

The materials for Duke Energy’s Third Quarter 2007 Earnings Review include a discussion of management’s current expectation that Duke Energy will achieve full year 2007 ongoing diluted EPS well above the company’s 2007 annual employee EPS incentive target of \$1.15. The EPS measure used for employee incentive bonuses is based on ongoing diluted EPS. Ongoing 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. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations, which includes the impact of special items. 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 forecast special items for future periods.

Anticipated Ongoing Diluted EPS Growth Rates through 2012

The materials for Duke Energy’s Third Quarter 2007 Earnings Review include a discussion of the expected range of growth of 5-7% in ongoing diluted EPS through 2012 (on a compound annual growth rate (“CAGR”) basis) from a 2007 base equal to the company’s 2007 employee EPS incentive target of \$1.15. The EPS measure used for employee incentive bonuses is based on ongoing diluted EPS. These growth percentages are based on anticipated ongoing diluted EPS amounts for future periods. This ongoing diluted EPS measure is a non-GAAP financial measure as it represents anticipated diluted EPS from continuing operations, 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. The most directly comparable GAAP measure for ongoing diluted EPS is reported diluted EPS from continuing operations which includes the impact of special items. Due to the forward-looking nature of ongoing diluted EPS, and related growth rates, for future periods, information to reconcile such non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to forecast any special items for future periods.

Ongoing Segment EBIT and Other Expenses, Net

The materials for Duke Energy's Third Quarter 2007 Earnings Review include a discussion of ongoing segment EBIT and ongoing Other expenses, net, for the three and nine month periods ended September 30, 2007 and 2006. Also included in the materials is a reference to management's current expectation that the Commercial Power, International Energy, and Crescent segments, on a combined basis, will grow ongoing EBIT by an estimated 8-10% CAGR through 2012, from the base of their combined forecasted 2008 ongoing segment EBIT results. Ongoing segment EBIT and Other expenses, net, are non-GAAP financial measures as they represent reported segment EBIT and Other expenses, net, adjusted for special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis. The most directly comparable GAAP measures for ongoing segment EBIT and Other expenses, net, are reported segment EBIT and Other expenses, net, which represent segment EBIT and Other expenses, net, from continuing operations, including any special items. Due to the forward-looking nature of this non-GAAP financial measure for any 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 forecast special items for future periods.

DUKE ENERGY CORPORATION
ONGOING TO REPORTED EARNINGS RECONCILIATION
September 2006 Quarter-to-Date
(Dollars in millions, except per-share amounts)

	Ongoing Earnings	Special Items (Note 1)		Discontinued Operations	Total Adjustments	Reported Earnings
		Gain on Sale of Interest in Crescent	Costs to Achieve, Cinergy Merger			
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS						
U.S. Franchised Electric and Gas	\$ 678	\$ -	\$ -	\$ -	\$ -	\$ 678
Commercial Power	57	-	-	-	-	57
International Energy	68	-	-	-	-	68
Crescent	54	246 ^A	-	-	246	300
Total reportable segment EBIT	857	246	-	-	246	1,103
Other	(132)	-	(19) ^B	-	(19)	(151)
Total reportable segment EBIT and Other EBIT	\$ 725	\$ 246	\$ (19)	\$ -	\$ 227	\$ 952
Interest Expense	(182)	-	-	-	-	(182)
Interest Income and Other	21	-	-	-	-	21
Income Taxes from Continuing Operations	(193)	(124)	7	-	(117)	(310)
Discontinued Operations, net of taxes	-	-	-	282 ^{C,D}	282	282
Net Income	\$ 371	\$ 122	\$ (12)	\$ 282	\$ 392	\$ 763
EARNINGS PER SHARE, BASIC						
	\$ 0.29	\$ 0.10	\$ (0.01)	\$ 0.23	\$ 0.32	\$ 0.61
EARNINGS PER SHARE, DILUTED						
	\$ 0.29	\$ 0.10	\$ (0.01)	\$ 0.22	\$ 0.31	\$ 0.60

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

A - Recorded in Gains (Losses) on Sales of Other Assets and Other, net on the Consolidated Statements of Operations.

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

C - Excludes Crescent discontinued operations.

D - Primarily amounts reclassified to discontinued operations due to the January 2007 spin-off of Spectra Energy, net of amounts for DENA. Recorded in (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,254
Diluted	1,263

DUKE ENERGY CORPORATION
ONGOING TO REPORTED EARNINGS RECONCILIATION
September 2006 Year-to-Date
(Dollars in millions, except per-share amounts)

	Special Items (Note 1)						Reported Earnings
	Ongoing Earnings	Gain on Sale of Interest in Crescent	Impairment of Campeche Investment	Costs to Achieve, Cinergy Merger	Discontinued Operations	Total Adjustments	
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS							
U.S. Franchised Electric and Gas	\$ 1,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,388
Commercial Power	50	-	-	-	-	-	50
International Energy	233	-	(55) B	-	-	(55)	178
Crescent	269	246 A	-	-	-	246	515
Total reportable segment EBIT	1,940	246	(55)	-	-	191	2,131
Other	(258)	-	-	(97) C	-	(97)	(355)
Total reportable segment EBIT and Other EBIT	\$ 1,682	\$ 246	\$ (55)	\$ (97)	\$ -	\$ 94	\$ 1,776
Interest Expense	(470)	-	-	-	-	-	(470)
Interest Income and Other	43	-	-	-	-	-	43
Income Taxes from Continuing Operations	(379)	(124)	-	34	-	(90)	(469)
Discontinued Operations, net of taxes	-	-	-	-	596 D,E	596	596
Net Income	\$ 876	\$ 122	\$ (55)	\$ (63)	\$ 596	\$ 600	\$ 1,476
EARNINGS PER SHARE, BASIC	\$ 0.77	\$ 0.11	\$ (0.05)	\$ (0.06)	\$ 0.52	\$ 0.52	\$ 1.29
EARNINGS PER SHARE, DILUTED	\$ 0.76	\$ 0.10	\$ (0.05)	\$ (0.05)	\$ 0.51	\$ 0.51	\$ 1.27

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

A - Recorded in Gains (Losses) on Sales of Other Assets and Other, net on the Consolidated Statements of Operations.

B - \$38 million recorded in Operation, maintenance and other (Operating Expenses) and \$17 million recorded in Losses on sales and impairments of equity investments (Other Income and Expenses) on the Consolidated Statements of Operations.

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

D - Excludes Crescent discontinued operations.

E - Primarily amounts reclassified to discontinued operations due to the January 2007 spin-off of Spectra Energy, net of amounts for DENA. Recorded in (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,141
Diluted	1,162

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

Special Items (Note 1)

	Ongoing Earnings	Costs to Achieve, Cinergy Merger	Settlement Reserve Adjustment	Discontinued Operations	Total Adjustments	Reported Earnings
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS						
U.S. Franchised Electric and Gas	\$ 760	\$ -	\$ -	\$ -	\$ -	\$ 760
Commercial Power	121	-	-	-	-	121
International Energy	92	-	-	-	-	92
Crescent	10	-	-	-	-	10
Total reportable segment EBIT	983	-	-	-	-	983
Other	(49)	(15) ^A	20 ^A	-	5	(44)
Total reportable segment and Other EBIT	\$ 934	\$ (15)	\$ 20	\$ -	\$ 5	\$ 939
Interest Expense	(178)	-	-	-	-	(178)
Interest Income and Other	73	-	-	-	-	73
Income Taxes from Continuing Operations	(221)	5	(7)	-	(2)	(223)
Discontinued Operations, net of taxes	-	-	-	(4) ^B	(4)	(4)
Net Income	\$ 608	\$ (10)	\$ 13	\$ (4)	\$ (1)	\$ 607
EARNINGS PER SHARE, BASIC	\$ 0.48	\$ (0.01)	\$ 0.01	\$ -	\$ -	\$ 0.48
EARNINGS PER SHARE, DILUTED	\$ 0.48	\$ (0.01)	\$ 0.01	\$ -	\$ -	\$ 0.48

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

Weighted Average Shares (reported and ongoing) - in millions

Basic	1,260
Diluted	1,265

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

	<u>Special Items (Note 1)</u>							
	Ongoing Earnings	Convertible Debt Costs, Gas Spin-off	Costs to Achieve, Cinergy Merger	IT Severance Costs	Settlement Reserve Adjustment	Discontinued Operations	Total Adjustments	Reported Earnings
SEGMENT EARNINGS BEFORE INTEREST AND TAXES FROM CONTINUING OPERATIONS								
U.S. Franchised Electric and Gas	\$ 1,786	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,786
Commercial Power	147	-	-	-	-	-	-	147
International Energy	283	-	-	-	-	-	-	283
Crescent	29	-	-	-	-	-	-	29
Total reportable segment EBIT	2,245	-	-	-	-	-	-	2,245
Other	(143)	(21) B	(38) A	(12) A	20 A	-	(51)	(194)
Total reportable segment and Other EBIT	\$ 2,102	\$ (21)	\$ (38)	\$ (12)	\$ 20	\$ -	\$ (51)	\$ 2,051
Interest Expense	(502)	-	-	-	-	-	-	(502)
Interest Income and Other	161	-	-	-	-	-	-	161
Income Taxes from Continuing Operations	(458)	-	14	4	(7)	-	11	(447)
Discontinued Operations, net of taxes	-	-	-	-	-	(6) C	(6)	(6)
Net Income	\$ 1,303	\$ (21)	\$ (24)	\$ (8)	\$ 13	\$ (6)	\$ (46)	\$ 1,257
EARNINGS PER SHARE, BASIC	\$ 1.04	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ 0.01	\$ -	\$ (0.04)	\$ 1.00
EARNINGS PER SHARE, DILUTED	\$ 1.03	\$ (0.02)	\$ (0.02)	\$ (0.01)	\$ 0.01	\$ -	\$ (0.04)	\$ 0.99

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 - Recorded in Other income and expenses, net (Other Income and Expenses, net) 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 ongoing) - in millions

Basic 1,259

Diluted 1,266

Duke Energy Corporation
Net Cash Balance Reconciliation
As of September 30, 2007
(in millions)

Cash and Cash Equivalents	\$675	
Short-Term Investments	<u>909</u>	
Subtotal	1,584	
Short-term Commercial Paper Outstanding (a)	<u>(504)</u>	
Net Cash Balance (b)	<u><u>\$1,080</u></u>	(Approximately \$1,100)

- (a) Excludes approximately \$300 million of commercial paper that is classified as long-term debt due to Duke Energy's intent and ability to utilize such obligations as long-term financing.
- (b) The net cash balance presented is a non-GAAP financial measure as it represents the net presentation of cash and cash equivalents, short-term investments, and short-term outstanding commercial paper balances. The most directly comparable GAAP financial measure for net cash is cash and cash equivalents.