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FOURTH QUARTER EARNINGS REVIEW AND BUSINESS UPDATE

February 5, 2009

Jim Rogers
Chairman, President and Chief
Executive Officer

David Hauser
Group Executive and Chief Financial
Officer

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 2007 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.

2008 EARNINGS SUMMARY

	4Q08	4Q07	2008	2007
Reported Diluted EPS	\$ 0.26	\$ 0.19	\$1.07	\$ 1.18
Adjustments	0.06	-	0.20	0.03
Discontinued Operations	-	0.06	(0.01)	0.02
Extraordinary Items	(0.05)	-	(0.05)	-
Adjusted Diluted EPS	\$ 0.27	\$ 0.25	\$ 1.21	\$1.23

- The increase in adjusted diluted earnings for the fourth quarter is primarily due to solid results at the three largest business units and favorable weather, offset by lower volumes due to the recessionary environment
- Annual adjusted diluted earnings decreased primarily due to lower volumes due to the current economic conditions, unfavorable weather as compared to the prior year and the downturn in the real estate market
- The Extraordinary Item resulted from the re-application of regulatory accounting treatment to a portion of the rate riders for generation serving our native-load customers in Ohio

2009 ADJUSTED EBIT EXPECTATIONS

<i>(\$ millions)</i>	
U.S. Franchised Electric & Gas	\$2,400
Commercial Power	470
Duke Energy International	370
Total Adjusted Segment EBIT	\$3,240
Other (Net Expense)	(250)
Total Adjusted Segment EBIT and Other	\$2,990

2009 EARNINGS PER SHARE EMPLOYEE INCENTIVE:

- Target of \$1.20, based on adjusted diluted earnings per share

2008 HIGHLIGHTS - U.S. FRANCHISED ELECTRIC & GAS

Reported & Adjusted Segment EBIT				
(\$ millions)	4Q08	4Q07	2008	2007
Reported Segment EBIT	\$ 532	\$ 519	\$ 2,398	\$ 2,305
Adjustments	-	-	-	-
Adjusted Segment EBIT	\$ 532	\$ 519	\$ 2,398	\$ 2,305

FOR THE QUARTER

Adjusted segment EBIT increased primarily due to

- \$39 million increase due to favorable weather
- \$36 million increase due to the deferral of 3rd quarter 2008 Midwest storm costs

Partially offset by

- \$45 million decrease in volumes
- \$15 million increase in reserves for uncollectible accounts

FOR THE YEAR

Adjusted segment EBIT increased primarily due to

- \$115 million increase in rates in Indiana and Ohio
- \$80 million incremental rider due to merger savings in North Carolina
- \$79 million increase in equity AFUDC

Partially offset by

- \$73 million decrease in volumes
- \$49 million decrease due to less favorable weather
- \$37 million increase in operations and maintenance expenses, net of deferred storm costs

2008 HIGHLIGHTS - COMMERCIAL POWER

Reported & Adjusted Segment EBIT				
<i>(\$ millions)</i>	4Q08	4Q07	2008	2007
Reported Segment EBIT	(\$ 9)	\$ 38	\$ 264	\$ 278
Adjustments	110	(13)	157	(13)
Adjusted Segment EBIT	\$ 101	\$ 25	\$ 421	\$ 265

FOR THE QUARTER

Adjusted segment EBIT increased primarily due to

- \$35 million due to favorable timing on recovery of environmental and capacity riders
- \$12 million of gains on sales of emission allowances
- \$11 million from improved results on the Midwest gas assets
- \$10 million of lower net purchase accounting expenses

FOR THE YEAR

Adjusted segment EBIT increased primarily due to

- \$97 million of lower net purchase accounting expenses
- \$63 million of gains on sales of emission allowances

2008 HIGHLIGHTS - DEI

Reported & Adjusted Segment EBIT				
<i>(\$ millions)</i>	4Q08	4Q07	2008	2007
Reported Segment EBIT	\$ 104	\$ 105	\$ 411	\$ 388
Adjustments	-	-	-	-
Adjusted Segment EBIT	\$ 104	\$ 105	\$ 411	\$ 388

FOR THE QUARTER

Adjusted segment EBIT was relatively flat due to

- Favorable results in Latin America over prior year quarter
- Partially offset by lower results at NMC and unfavorable foreign currency exchange rates

FOR THE YEAR

Adjusted segment EBIT increased primarily due to

- Favorable margins at NMC
- Favorable foreign currency exchange rates

2008 HIGHLIGHTS – OTHER*

Reported & Adjusted Net Expense				
<i>(\$ millions)</i>	4Q08	4Q07	2008	2007
Reported Net Expense	\$108	\$ 95	\$ 568	\$ 260
Adjustments	(10)	(12)	(258)	(63)
Adjusted Net Expense	\$ 98	\$ 83	\$ 310	\$ 197

FOR THE QUARTER

Adjusted net expense increased due to

- Unfavorable returns on investments
- The continued downturn in the real estate market at Crescent
- Partially offset by a prior year contribution to the Duke Foundation

FOR THE YEAR

Adjusted net expense increased due to

- Unfavorable returns on investments
- The continued downturn in the real estate market at Crescent

* Includes results of Crescent Resources, Duke Energy's real estate joint-venture

2008 HIGHLIGHTS – OTHER ITEMS

<i>(\$ millions, unless noted otherwise)</i>	2008 Expectation (from February 2008)	2008 Actual
USFE&G Adjusted EBIT	\$2,420	\$2,398
Commercial Power Adjusted EBIT	\$385	\$421
International Adjusted EBIT	\$380	\$411
Other Adjusted Net Expense ⁽¹⁾		
Crescent Adjusted EBIT	\$75	(\$16)
Other Adjusted Net Expense	(\$265)	(\$294)
Interest Expense	\$700	\$741
Capital Expenditures	\$5.1 billion	\$4.9 billion
Equity AFUDC	\$112	\$149
Capitalized Interest, including debt AFUDC	\$106	\$93
Effective tax rate	33%	32.5%

- Total Available Liquidity at December 31, 2008 - approximately \$1.8 billion⁽²⁾
 - Including \$1.2 billion available capacity in the Master Credit Facility⁽³⁾ at December 31, 2008
 - Approximately \$600 million⁽²⁾ of cash, cash equivalents and short-term investments at December 31, 2008

(1) – For segment reporting purposes, Crescent is included in Other.

(2) – Excludes approximately \$400 million of cash, cash equivalents and short-term investments in foreign jurisdictions.

(3) – \$3.1 billion Master Credit Facility expires in June 2012.

2009 FINANCIAL ASSUMPTIONS

- U.S. FE&G Key Assumptions
 - Load growth assumption – relatively flat from 2008 on a weather adjusted basis in both the Carolinas and the Midwest
- Commercial Power Key Assumptions
 - ESP approval by PUCO
- Duke Energy International Key Assumptions
 - Reduction in NMC earnings
- Other Financial Assumptions
 - Effective tax rate expected to be approximately 34%
 - Interest expense of \$800 million
 - Pension contribution of \$500 million
 - AFUDC equity and capitalized interest
 - AFUDC equity of approximately \$160 million
 - AFUDC debt and capitalized interest of approximately \$130 million

2009-2013 CAPITAL EXPENDITURES

(\$ millions)

<u>Committed Capital</u>	2009	2010-2013	Cumulative
USFE&G Nuclear fuel	\$ 150	\$ 1,250	\$ 1,400
USFE&G Environmental	200	100	300
CP Environmental	50	125	175
Edwardsport IGCC	725	1,075	1,800
CC / CT Additions - Carolinas	200	1,000	1,200
Cliffside	550	650	1,200
Lee Nuclear	50	125	175
International	250	300	550
Wind	450	200	650
Total Committed Capital	\$ 2,625	\$ 4,825	\$ 7,450
<u>Ongoing Capital</u>			
USFE&G Maintenance and Other	\$ 1,400	\$ 7,200	\$ 8,600
Power Delivery Customer Connections	300	1,575	1,875
CP Maintenance and other	100	575	675
Corporate and Other	175	850	1,025
Other regulated investments and ADC Debt	75	500	575
Total Ongoing Capital	\$ 2,050	\$ 10,700	\$ 12,750
Total Committed and Ongoing Capital	\$ 4,675	\$ 15,525	\$ 20,200
<u>Discretionary Growth Capital</u>			
Wind	\$ -	\$ 2,075	\$ 2,075
Smart Grid ⁽¹⁾	25	975	1,000
Biomass	-	250	250
International	50	1,175	1,225
Total Discretionary Growth Capital	\$ 75	\$ 4,475	\$ 4,550
Total Capital Expenditures	\$ 4,750	\$ 20,000	\$ 24,750

(1) Smart Grid approval received in Ohio with ESP resolution.









2009 CASH FLOWS

(\$ in Millions)

	2009 Estimate
Primary Sources:	
Net Income	\$ 1,550
Depreciation & Amortization	1,825
Total Sources	<u>\$ 3,375</u>
Primary Uses:	
Capital and Investment Expenditures	(4,750)
Dividends	(1,200)
Other Sources/(Uses), net	825
Total Uses	<u>\$ (5,125)</u>
Uses in Excess of Sources	\$ (1,750)
Debt Maturities	(700)
Required Funding	<u>\$ (2,450)</u>
Issuances of Long--Term Debt	\$ 1,350
Cash received from internal stock plans	350
Utilization of Cash on hand and commercial paper	750
Financings and Cash Utilization	<u>\$ 2,450</u>

Note: Illustrative net income based on 2009 employee incentive target of \$1.20 in adjusted diluted earnings per share

REGULATORY ACHIEVEMENTS

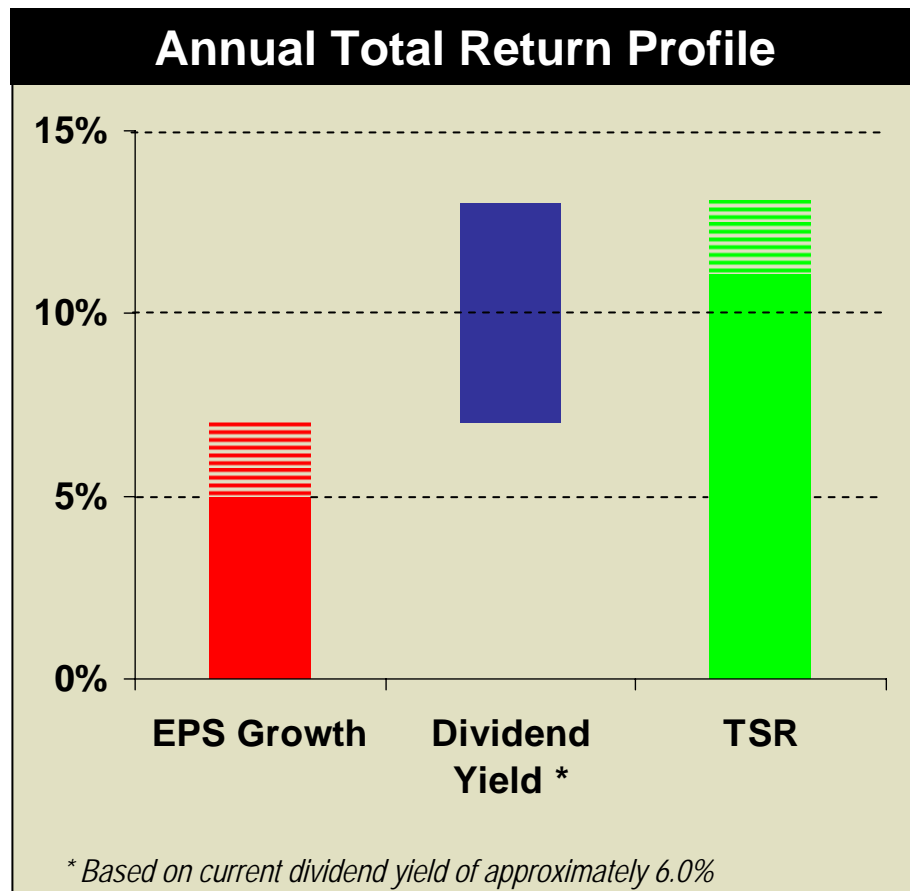
Indiana IGCC cost estimate update and CWIP rider		January 2009
Kentucky Storm cost deferral		January 2009
Ohio Storm cost deferral		January 2009
Ohio ESP case – including Save-a-Watt and Smart Grid		December 2008
Buck and Dan River combined cycle CPCNs		June 2008
Ohio gas rate case		June 2008
Cliffside modernization air permit		January 2008
2007 North Carolina Rate Case		December 2007

REGULATORY CALENDAR

State	Activity	Docket Number	Status
IN	Save-a-Watt	• 43374	• Hearing February – March 2009
IN	Smart Grid	• 43501	• Hearing April 27-29, 2009
IN	IGCC CWIP rider	• 43114	• Resolution anticipated 2 nd quarter 2009
OH	Electric Distribution Rate Case	• 08-709	• Resolution anticipated mid-2009
NC	Save-a-Watt	• E-7 Sub 831	• Resolution anticipated shortly
NC	Rate Case	• TBD	• Planning to file in mid-2009
SC	Rate Case	• TBD	• Planning to file in mid-2009
SC	Save-a-Watt	• 2007-358-E	• TBD

VALUE PROPOSITION

- Proactive regulatory strategy
- Forecast 5% to 7% CAGR in adjusted diluted EPS through 2013
- Annual dividend growth
- Strong balance sheet provides flexibility



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