Renewables.

Duke Energy's renewable energy facilities include Green Frontier Windpower, LLC, Top of The World Wind Energy LLC and various solar projects, all subsidiaries of DEGS, an indirect wholly-owned subsidiary of Duke Energy.

These renewable energy facilities are VIEs due to power purchase agreements with terms that approximate the expected life of the projects. These fixed price agreements effectively transfer the commodity price risk to the buyer of the power. Duke Energy has consolidated these entities since inception because the most significant activities that impact the economic performance of these renewable energy facilities were the decisions associated with the siting, negotiation of the purchase power agreement, engineering, procurement and construction, and decisions associated with ongoing operations and maintenance related activities, all of which were made solely by Duke Energy.

The debt held by these renewable energy facilities is non-recourse to the general credit of Duke Energy. Duke Energy and its subsidiaries have no requirement to provide liquidity or purchase the assets of these renewable energy facilities. Duke Energy does not guarantee performance except for an immaterial multi-purpose letter of credit and various immaterial debt service reserve and operations and maintenance reserve guarantees. The assets are restricted and they cannot be pledged as collateral or sold to third parties without the prior approval of the debt holders.

Other.

Duke Energy has other VIEs with restricted assets and non-recourse debt. These VIEs include certain on-site power generation facilities. Duke Energy consolidates these particular on-site power generation entities because Duke Energy has the power to direct the majority of the most significant activities, which, most notably involve the oversight of operation and maintenance related activities that impact the economic performance of these entities.

During the second quarter of 2011, the customer for one of these on-site generation facilities canceled its contract. As a result, the entity providing the on-site generation services no longer has any activity or assets, other than a receivable with payments to be collected through 2017. As of December 31, 2011, Duke Energy no longer consolidates this entity.

NON-CONSOLIDATED VIEs

The table below shows the VIEs that the Duke Energy Registrants do not consolidate and how these entities impact Duke Energy's, Duke Energy Ohio's and Duke Energy Indiana's respective Consolidated Balance Sheets. As discussed above, while Duke Energy consolidates CRC, Duke Energy Ohio and Duke Energy Indiana do not consolidate CRC as they are not the primary beneficiary.

(in millions)	Duke Energy DukeNet	Duke Energy Renewables	Duke Energy Other	Duke Energy Total	Duke Energy Ohio	Duke Energy Indiana
At December 31, 2011						
Consolidated Balance Sheets						
Receivables	$ -	$ -	$ -	$ -	$ 129	$ 139
Investments in equity method unconsolidated affiliates	129	81	25	235	-	-
Intangibles	-	-	111	111	111	-
Total Assets	129	81	136	346	240	139
Other Current Liabilities	-	-	3	3	-	-
Deferred Credits and Other Liabilities	-	-	18	18	-	-
Total Liabilities	-	-	21	21	-	-
Net Duke Energy Corporation Shareholders' Equity	$ 129	$ 81	$ 115	$ 325	$ 240	$ 139

(in millions)	Duke Energy DukeNet	Duke Energy Renewables	Duke Energy Other	Duke Energy Total	Duke Energy Ohio	Duke Energy Indiana
At December 31, 2010						
Consolidated Balance Sheets						
Receivables	$ -	$ -	$ -	$ -	$ 216	$ 192
Investments in equity method unconsolidated affiliates	137	95	23	255	-	-
Intangibles	-	-	119	119	119	-
Total Assets	137	95	142	374	335	192
Other Current Liabilities	-	-	3	3	-	-
Deferred Credits and Other Liabilities	-	-	28	28	-	-
Total Liabilities	-	-	31	31	-	-
Net Duke Energy Corporation Shareholders' Equity	$ 137	$ 95	$ 111	$ 343	$ 335	$ 192

No financial support that was not previously contractually required was provided to any of the unconsolidated VIEs during the years ended December 31, 2011 and 2010, respectively, or is expected to be provided in the future.

With the exception of the power purchase agreement with the Ohio Valley Electric Corporation (OVEC), which is discussed below, and various guarantees, reflected in the table above as "Deferred Credits and Other Liabilities", the Duke Energy Registrants are not aware of any situations where the maximum exposure to loss significantly exceeds the carrying values shown above.

CRC.

As discussed above, CRC is consolidated only by Duke Energy. Accordingly, the retained interest in the sold receivables recorded on the Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana are eliminated in consolidation at Duke Energy.

The proceeds obtained from the sales of receivables are largely cash but do include a subordinated note from CRC for a portion of the purchase price (typically approximates 25% of the total proceeds). The subordinated note is a retained interest (right to receive a specified portion of cash flows from the sold assets) and is classified within Receivables in Duke Energy Ohio's and Duke Energy Indiana's Consolidated Balance Sheets at December 31, 2011 and 2010, respectively. The retained interests reflected on the Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana approximate fair value.

The carrying values of the retained interests are determined by allocating the carrying value of the receivables between the assets sold and the interests retained based on relative fair value. Because the receivables generally turnover in less than two months, credit losses are reasonably predictable due to the broad customer base and lack of significant concentration, and the purchased beneficial interest (equity in CRC) is subordinate to all retained interests and thus would absorb losses first, the allocated basis of the subordinated notes are not materially different than their face value. The hypothetical effect on the fair value of the retained interests assuming both a 10% and a 20% unfavorable variation in credit losses or discount rates is not material due to the short turnover of receivables and historically low credit loss history. Interest accrues to Duke Energy Ohio, Duke Energy Indiana and Duke Energy Kentucky on the retained interests using the accretable yield method, which generally approximates the stated rate on the notes since the allocated basis and the face value are nearly equivalent. An impairment charge is recorded against the carrying value of both the retained interests and purchased beneficial interest whenever it is determined that an other-than-temporary impairment has occurred. The key assumptions used in estimating the fair value in 2011 and 2010 is detailed in the following table:

	2011	2010
Duke Energy Ohio		
Anticipated credit loss ratio	0.8%	0.8%
Discount rate	2.6%	2.7%
Receivable turnover rate	12.7%	12.6%
Duke Energy Indiana		
Anticipated credit loss ratio	0.4%	0.5%
Discount rate	2.6%	2.7%
Receivable turnover rate	10.2%	10.2%

The following table shows the gross and net receivables sold as of December 31, 2011 and December 31, 2010, respectively:

	Duke Energy Ohio	Duke Energy Indiana
Receivables sold as of December 31, 2011	$302	$279
Less: Retained interests	129	139
Net receivables sold as of December 31, 2011	$173	$140

	Duke Energy Ohio	Duke Energy Indiana
Receivables sold as of December 31, 2010	$373	$284
Less: Retained interests	216	192
Net receivables sold as of December 31, 2010	$157	$ 92

The following table shows the retained interests, sales, and cash flows during the years ended December 31, 2011, 2010 and 2009 respectively:

	Duke Energy Ohio	Duke Energy Indiana
Year Ended December 31, 2011		
Sales		
Receivables sold	$2,390	$2,658
Loss recognized on sale	21	16
Cash flows		
Cash proceeds from receivables sold	$2,474	$2,674
Collection fees received	1	1
Return received on retained interests	12	13

	Duke Energy Ohio	Duke Energy Indiana
Year Ended December 31, 2010		
Sales		
Receivables sold	$2,858	$ 2,537
Loss recognized on sale	26	17
Cash flows		
Cash proceeds from receivables sold	$2,809	$ 2,474
Collection fees received	1	1
Return received on retained interests	15	13

	Duke Energy Ohio	Duke Energy Indiana
Year Ended December 31, 2009		
Sales		
Receivables sold	$3,108	$ 2,398
Loss recognized on sale	26	16
Cash flows		
Cash proceeds from receivables sold	$3,063	$ 2,353
Collection fees received	2	1
Return received on retained interests	15	12

Cash flows from the sale of receivables are reflected within Operating Activities on Duke Energy Ohio's and Duke Energy Indiana's Consolidated Statements of Cash Flows.

Collection fees received in connection with the servicing of transferred accounts receivable are included in Operation, Maintenance and Other on Duke Energy Ohio's and Duke Energy Indiana's Consolidated Statements of Operations. The loss recognized on the sale of receivables is calculated monthly by multiplying the receivables sold during the month by the required discount which is derived monthly utilizing a three year weighted average formula that considers charge-off history, late charge history, and turnover history on the sold receivables, as well as a component for the time value of money. The discount rate, or component for the time value of money, is calculated monthly by summing the prior month-end LIBOR plus a fixed rate of 2.39%.

DukeNet.

In 2010, Duke Energy sold a 50% ownership interest in DukeNet to Alinda. The sale resulted in DukeNet becoming a joint venture with Duke Energy and Alinda each owning a 50% interest. In connection with the formation of the new DukeNet joint venture, a five-year, $150 million senior secured credit facility was executed with a syndicate of ten external financial institutions. This credit facility is non-recourse to Duke Energy. DukeNet is considered a VIE because it has entered into certain contractual arrangements that provide DukeNet with additional forms of subordinated financial support. The most significant activities that impact DukeNet's economic performance relate to its business development and fiber optic capacity marketing and management activities. The power to direct these activities is jointly and equally shared by Duke Energy and Alinda. As a result, Duke Energy does not consolidate the DukeNet joint venture. Accordingly, DukeNet is a non-consolidated VIE that is reported as an equity method investment.

Unless consent by Duke Energy is given otherwise, Duke Energy and its subsidiaries have no requirement to provide liquidity, purchase the assets of DukeNet, or guarantee performance.

Renewables.

Duke Energy has investments in various entities that generate electricity through the use of renewable energy technology. Some of these entities, which were part of the Catamount acquisition, are VIEs which are not consolidated due to the joint ownership of the entities when they were created and the power to direct and control key activities is shared jointly Instead, Duke Energy's investment is recorded under the equity method of accounting. These entities are VIEs due to power purchase agreements with terms that approximate the expected life of the project. These fixed price agreements effectively transfer the commodity price risk to the buyer of the power.

Other.

Duke Energy has investments in various other entities that are VIEs which are not consolidated. The most significant of these investments is Duke Energy Ohio's 9% ownership interest in OVEC. Through its ownership interest in OVEC, Duke Energy Ohio has a contractual arrangement through June 2040 to buy power from OVEC's power plants. The proceeds from the sale of power by OVEC to its power purchase agreement counterparties, including Duke Energy Ohio, are designed to be sufficient for OVEC to meet its operating expenses, fixed costs, debt amortization and interest expense, as well as earn a return on equity. Accordingly, the value of this contract is subject to variability due to fluctuations in power prices and changes in OVEC's costs of business, including costs associated with its 2,256 megawatts of coal-fired generation capacity. As discussed in Note 5, the proposed rulemaking on cooling water intake structures, utility boiler MACT, CSAPR and CCP's could increase the costs of OVEC which would be passed through to Duke Energy Ohio. The initial carrying value of this contract was recorded as an intangible asset when Duke Energy acquired Cinergy in April 2006.

In addition, the company has guaranteed the performance of certain entities in which the company no longer has an equity interest. As a result, the company has a variable interest in certain other VIEs that are non-consolidated.

18. EARNINGS PER SHARE

Basic Earnings Per Share (EPS) is computed by dividing net income attributable to Duke Energy common shareholders, adjusted for distributed and undistributed earnings allocated to participating securities, by the weighted-average number of common shares outstanding during the period. Diluted EPS is computed by dividing net income attributable to Duke Energy common shareholders, as adjusted for distributed and undistributed earnings allocated to participating securities, by the diluted weighted-average number of common shares outstanding during the period. Diluted EPS reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options, phantom shares and stock-based performance unit awards were exercised or settled.

The following table illustrates Duke Energy's basic and diluted EPS calculations and reconciles the weighted-average number of common shares outstanding to the diluted weighted-average number of common shares outstanding for the years ended December 31, 2011, 2010, and 2009.

(in millions, except per share amounts)	Income	Average Shares	EPS
2011			
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — basic	$ 1,702	1,332	$ 1.28
Effect of dilutive securities:			
Stock options, performance and restricted stock		1	
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — diluted	$ 1,702	1,333	$ 1.28
2010			
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — basic	$ 1,315	1,318	$ 1.00
Effect of dilutive securities:			
Stock options, performance and restricted stock		1	
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — diluted	$ 1,315	1,319	$ 1.00
2009			
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — basic	$ 1,061	1,293	$ 0.82
Effect of dilutive securities:			
Stock options, performance and restricted stock		1	
Income from continuing operations attributable to Duke Energy common shareholders, as adjusted for participating securities — diluted	$ 1,061	1,294	$ 0.82

As of December 31, 2011, 2010 and 2009, 7 million, 13 million and 20 million, respectively, of stock options, unvested stock and performance awards were not included in the "effect of dilutive securities" in the above table because either the option exercise prices were greater than the average market price of the common shares during those periods, or performance measures related to the awards had not yet been met.

Beginning in the fourth quarter of 2008, Duke Energy began issuing authorized but previously unissued shares of common stock to fulfill obligations under its Dividend Reinvestment Plan (DRIP) and other internal plans, including 401(k) plans. During the years ended December 31, 2010 and 2009, Duke Energy received proceeds of $288 million and $494 million, respectively, from the sale of common stock associated with these plans. Proceeds from the sale of common stock associated with these plans were not significant in 2011. Duke Energy has discontinued issuing new shares of common stock under the DRIP.

19. SEVERANCE

2011 Severance Plans.

In conjunction with the proposed merger with Progress Energy, in August 2011, Duke Energy announced plans to offer a voluntary severance plan to approximately 4,850 eligible employees. As this is a voluntary plan, all severance benefits offered under this plan are considered special termination benefits under GAAP. Special termination benefits are measured upon employee acceptance and recorded immediately absent a significant retention period. If a significant retention period exists, the cost of the special termination benefits are recorded ratably over the remaining service periods of the affected employees. Approximately 500 employees accepted the termination benefits during the voluntary window period, which closed on November 30, 2011. Duke Energy reserves the right to reject any request to volunteer based on business needs and/or excessive participation. The estimated amount of severance payments associated with this voluntary plan, contingent upon a successful close of the proposed merger with Progress Energy, are expected to be approximately $80 million.

2010 Severance Plans.

During 2010, the majority of severance charges were related to a voluntary severance plan whereby eligible employees were provided a window during which to accept termination benefits. As this was a voluntary plan, all severance benefits offered under this plan were considered special termination benefits under GAAP. Special termination benefits are measured upon employee acceptance and recorded immediately absent a significant retention period. If a significant retention period exists, the cost of the special termination benefits are recorded ratably over the remaining service periods of the affected employees. Approximately 900 employees accepted the termination benefits during the voluntary window period, which closed March 31, 2010. Future severance costs under Duke Energy's ongoing severance plan, if any, are currently not estimable.

Amounts included in the table below represent severance expense recorded by the Duke Energy Registrants during 2010. The Duke Energy Registrants recorded insignificant amounts for severance expense during 2011.

	Year Ended December 31, 2010[(a)]
Duke Energy	$ 172
Duke Energy Carolinas	99
Duke Energy Ohio	24
Duke Energy Indiana	33

(a) These amounts are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations.

The severance costs discussed above for the Subsidiary Registrants include an allocation of their proportionate share of severance costs for employees of Duke Energy's shared services affiliate that provides support to the Subsidiary Registrants. Amounts included in the table below represent the severance liability recorded by Duke Energy Carolinas and Duke Energy Indiana for employees of those registrants, and excludes costs allocated from and paid by Duke Energy's shared services affiliate.

(in millions)	Balance at December 31, 2010	Provision / Adjustments	Cash Reductions	Balance at December 31, 2011
Duke Energy	$ 87	$ (2)	$ (53)	$ 32
Duke Energy Carolinas	21	(2)	(18)	1
Duke Energy Indiana	1	-	(1)	-

20. STOCK-BASED COMPENSATION

For employee awards, equity classified stock-based compensation cost is measured at the service inception date or the grant date, based on the estimated achievement of certain performance metrics or the fair value of the award, and is recognized as expense or capitalized as a component of property, plant and equipment over the requisite service period.

Duke Energy's 2010 Long-Term Incentive Plan (the 2010 Plan) reserved 75 million shares of common stock for awards to employees and outside directors. The 2010 Plan superseded the 2006 Long-Term Incentive Plan, as amended (the 2006 Plan), and no additional grants will be made from the 2006 Plan. Under the 2010 Plan, the exercise price of each option granted cannot be less than the market price of Duke Energy's common stock on the date of grant and the maximum option term is 10 years. The vesting periods range from immediate to three years. Duke Energy has historically issued new shares upon exercising or vesting of share-based awards. In 2012, Duke Energy may use a combination of new share issuances and open market repurchases for share-based awards which are exercised or become vested; however Duke Energy has not determined with certainty the amount of such new share issuances or open market repurchases.

The 2010 Plan allows for a maximum of 18.75 million shares of common stock to be issued under various stock-based awards other than options and stock appreciation rights.

Stock-Based Compensation Expense

Pre-tax stock-based compensation expense recorded in the Consolidated Statements of Operations is as follows:

	For the Years Ended December 31,		
(in millions)	**2011[(a)]**	**2010[(a)]**	**2009[(a)]**
Stock Options	$ 2	$ 2	$ 2
Phantom Awards	27	26	17
Performance Awards	23	39	20
Other Stock Awards	-	-	1
Total	$ 52	$ 67	$ 40

(a) Excludes stock-based compensation cost capitalized as a component of property, plant and equipment of $2 million, $4 million and $4 million for the years ended December 31, 2011, 2010 and 2009, respectively.

The tax benefit associated with the stock-based compensation expense for the years ended December 31, 2011, 2010 and 2009 was $20 million, $26 million and $16 million, respectively.

Stock Option Activity

	Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Life (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2010	13,881	$ 17		
Granted	1,074	18		
Exercised	(4,734)	15		
Forfeited or expired	(3,954)	22		
Outstanding at December 31, 2011	6,267	$ 15	4.6	$ 41
Exercisable at December 31, 2011	4,256	$ 15	2.7	$ 31
Options Expected to Vest	2,011	$ 17	8.6	$ 10

On December 31, 2010 and 2009, Duke Energy had 12 million and 17 million exercisable options, respectively with a weighted-average exercise price of $17 and $18, respectively. The options granted in 2011 were expensed immediately, therefore, there is no future compensation cost associated with these options. The following table includes information related to Duke Energy's stock options.

	For the Years Ended December 31,		
(in millions)	**2011**	**2010**	**2009**
Intrinsic value of options exercised	$ 26	$ 8	$ 6
Tax benefit related to options exercised	10	3	2
Cash received from options exercised	74	14	24
	(in thousands of shares)		
Stock options granted[(a)]	1,074	1,103	603

(a) The options granted in 2011 were expensed immediately, therefore, there is no future compensation cost associated with these options.

These assumptions were used to determine the grant date fair value of the stock options granted during 2011:

Weighted-Average Assumptions for Option Pricing

Risk-free interest rate[a]	2.5%
Expected dividend yield[b]	5.7%
Expected life[c]	6.0 years
Expected volatility[d]	18.8%

(a) The risk free rate is based upon the U.S. Treasury Constant Maturity rates as of the grant date.
(b) The expected dividend yield is based upon annualized dividends and the 1-year average closing stock price.
(c) The expected life of options is derived from the simplified method approach.
(d) Volatility is based upon 50% historical and 50% implied volatility. Historic volatility is based on Duke Energy's historical volatility over the expected life using daily stock prices. Implied volatility is the average for all option contracts with a term greater than six months using the strike price closest to the stock price on the valuation date.

Phantom Stock Awards

Phantom stock awards issued and outstanding under the 2010 Plan and the 2006 Plan generally vest over periods from immediate to three years. The following table includes information related to Duke Energy's phantom stock awards.

	Shares awarded (in thousands)	Fair value[a] (in millions)
Years ended December 31,		
2011	1,907	$ 34
2010	1,047	17
2009	1,096	16

(a) Based on the market price of Duke Energy's common stock at the grant date.

The following table summarizes information about phantom stock awards outstanding at December 31, 2011:

	Shares (in thousands)	Weighted Average Per Share Grant Date Fair Value
Number of Phantom Stock Awards:		
Outstanding at December 31, 2010	1,763	$ 17
Granted	1,907	18
Vested	(1,057)	18
Forfeited	(46)	18
Outstanding at December 31, 2011	2,567	$ 17
Phantom Stock Awards Expected to Vest	2,503	$ 17

The total grant date fair value of the shares vested during the years ended December 31, 2011, 2010 and 2009 was $19 million, $29 million and $23 million, respectively. At December 31, 2011, Duke Energy had $19 million of unrecognized compensation cost which is expected to be recognized over a weighted-average period of 2.6 years.

Performance Awards

Stock-based awards issued and outstanding under the 2010 Plan and the 2006 Plan generally vest over three years if performance targets are met. Vesting for certain stock-based performance awards can occur in three years, at the earliest, if performance is met. Certain performance awards granted in 2011, 2010 and 2009 contain market conditions based on the total shareholder return (TSR) of Duke Energy stock relative to a pre-defined peer group (relative TSR). These awards are valued using a path-dependent model that incorporates expected relative TSR into the fair value determination of Duke Energy's performance-based share awards. The model uses three year historical volatilities and correlations for all companies in the pre-defined peer group, including Duke Energy, to simulate Duke Energy's relative TSR as of the end of the performance period. For each simulation, Duke Energy's relative TSR associated with the simulated stock price at the end of the performance period plus expected dividends within the period results in a value per share for the award portfolio. The average of these simulations is the expected portfolio value per share. Actual life to date results of Duke Energy's relative TSR for each grant is incorporated within the model. Other performance awards not containing market conditions were awarded in 2011, 2010 and 2009. The performance goal for the 2011 and 2010 award is Duke Energy's Return on Equity (ROE) over a three year period. The performance goal for the 2009 award is Duke Energy's compounded annual growth rate of annual diluted EPS, adjusted for certain items, over a three year period. All of these awards are measured at grant date price. The following table includes information related to Duke Energy's performance awards.

	Shares awarded (in thousands)	Fair value[a] (in millions)
Years ended December 31,		
2011	1,294	$ 20
2010	2,734	38
2009	3,426	44

(a) Based on the market price of Duke Energy's common stock at the grant date.

The following table summarizes information about stock-based performance awards outstanding at the maximum level at December 31, 2011:

	Shares (in thousands)	Weighted Average Per Share Grant Date Fair Value
Number of Stock-based Performance Awards:		
Outstanding at December 31, 2010	7,550	$ 14
Granted	1,294	16
Vested	(2,111)	16
Forfeited	(363)	13
Outstanding at December 31, 2011	6,370	$ 14
Stock-based Performance Awards Expected to Vest	6,212	$ 14

The total grant date fair value of the shares vested during the years ended December 31, 2011, 2010 and 2009 was $33 million, $15 million and $20 million, respectively. At December 31, 2011, Duke Energy had $17 million of unrecognized compensation cost which is expected to be recognized over a weighted-average period of 1.5 years.

Other Stock Awards

Other stock awards issued and outstanding under the 1998 Plan vest over periods from three to five years. There were no other stock awards issued during the years ended December 31, 2011, 2010 or 2009.

The following table summarizes information about other stock awards outstanding at December 31, 2011:

	Shares (in thousands)	Weighted Average Per Share Grant Date Fair Value
Number of Other Stock Awards:		
Outstanding at December 31, 2010	131	$ 28
Vested	(131)	28
Forfeited	-	-
Outstanding at December 31, 2011	-	-

The total fair value of the shares vested during the years ended December 31, 2011, 2010 and 2009 was $4 million, $1 million, and $1 million, respectively.

21. EMPLOYEE BENEFIT PLANS

Duke Energy

Defined Benefit Retirement Plans

Duke Energy and its subsidiaries (including legacy Cinergy businesses) maintain qualified, non-contributory defined benefit retirement plans. The plans cover most U.S. employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits that are based upon a percentage (which varies with age and years of service) of current eligible earnings and current interest credits. Certain legacy Cinergy U.S. employees are covered under plans that use a final average earnings formula. Under a final average earnings formula, a plan participant accumulates a retirement benefit equal to a percentage of their highest 3-year average earnings, plus a percentage of their highest 3-year average earnings in excess of covered compensation per year of participation (maximum of 35 years), plus a percentage of their highest 3-year average earnings times years of participation in excess of 35 years. Duke Energy also maintains non-qualified, non-contributory defined benefit retirement plans which cover certain executives.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefit payments to be paid to plan participants. The following table includes information related to Duke Energy's contributions to its U.S. qualified defined benefit pension plans.

	For the Years Ended December 31,			
(in millions)	2012	2011	2010	2009
Contributions made				
Anticipated contributions	$ 200	$ 200	$ 400	$ 800

Actuarial gains and losses subject to amortization are amortized over the average remaining service period of the active employees. The average remaining service period of active employees covered by the qualified retirement plans is ten years. The average remaining service period of active employees covered by the non-qualified retirement plans is nine years. Duke Energy determines the market-related value of plan assets using a calculated value that recognizes changes in fair value of the plan assets in a particular year on a straight line basis over the next five years.

Net periodic benefit costs disclosed in the tables below for the qualified, non-qualified and other post-retirement benefit plans represent the cost of the respective benefit plan for the periods presented. However, portions of the net periodic benefit costs disclosed in the tables below have been capitalized as a component of property, plant and equipment.

Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Qualified Pension Plans

Components of Net Periodic Pension Costs: Qualified Pension Plans

	For the Years Ended December 31,		
(in millions)	**2011[(a)]**	**2010[(a)]**	**2009[(a)]**
Service cost	$ 96	$ 96	$ 85
Interest cost on projected benefit obligation	232	248	257
Expected return on plan assets	(384)	(378)	(362)
Amortization of prior service cost	6	5	7
Amortization of actuarial loss	77	50	2
Settlement and contractual termination benefit cost	-	13	-
Other	18	18	17
Net periodic pension costs	$ 45	$ 52	$ 6

(a) These amounts exclude $14 million, $16 million and $10 million for the years ended December 31, 2011, 2010 and 2009, respectively, of regulatory asset amortization resulting from purchase accounting adjustments associated with Duke Energy's merger with Cinergy in April 2006.

Other Changes in Plan Assets and Projected Benefit Obligations

Recognized in Accumulated Other Comprehensive Income and Regulatory Assets: Qualified Pension Plans

	For the Years Ended December 31,	
(in millions)	**2011**	**2010**
Regulatory assets, net increase	$ 152	$ 350
Accumulated other comprehensive (income) loss[(a)]		
Deferred income tax asset	(10)	143
Actuarial losses (gains) arising during the year	60	(5)
Amortization of prior year actuarial losses	(8)	(16)
Reclassification of actuarial gains (losses) to regulatory assets	8	(365)
Amortization of prior year prior service cost	(1)	(3)
Reclassification of prior service cost to regulatory assets	-	(19)
Net amount recognized in accumulated other comprehensive (income) loss	$ 49	$ (265)

(a) Excludes actuarial losses of $2 million in 2011 and $3 million in 2010 recognized in other accumulated comprehensive income, net of tax, associated with a Brazilian retirement plan.

Reconciliation of Funded Status to Net Amount Recognized: Qualified Pension Plans

(in millions)	As of and for the Years Ended December 31, 2011	2010
Change in Projected Benefit Obligation		
Obligation at prior measurement date	$ 4,861	$ 4,695
Service cost	96	96
Interest cost	232	248
Actuarial (gains) losses	(7)	190
Plan amendments	18	2
Settlement and contractual termination benefit cost	-	13
Benefits paid	(320)	(383)
Obligation at measurement date	$ 4,880	$ 4,861

The accumulated benefit obligation was $4,661 million and $4,611 million at December 31, 2011 and 2010, respectively.

(in millions)	As of and for the Years Ended December 31, 2011	2010
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	$ 4,797	$ 4,224
Actual return on plan assets	64	556
Benefits paid	(320)	(383)
Employer contributions	200	400
Plan assets at measurement date	$ 4,741	$ 4,797

Amounts Recognized in the Consolidated Balance Sheets: Qualified Pension Plans

The following table provides the amounts related to Duke Energy's qualified pension plans that are reflected in Other within Investments and Other Assets and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2011 and 2010:

(in millions)	As of December 31, 2011	2010
Prefunded pension cost	$ -	$ 101
Accrued pension liability	(139)	(165)
Net amount recognized	$ (139)	$ (64)

The following table provides the amounts related to Duke Energy's qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits and AOCI on the Consolidated Balance Sheets at December 31, 2011 and 2010:

(in millions)	As of December 31, 2011	2010
Regulatory assets	$ 1,411	$ 1,259
Accumulated other comprehensive (income) loss		
Deferred income tax asset	(73)	(63)
Prior service cost	4	5
Net actuarial loss	201	141
Net amount recognized in accumulated other comprehensive (income) loss[(a)]	$ 132	$ 83

(a) Excludes accumulated other comprehensive income of $19 million and $17 million as of December 31, 2011 and 2010, respectively, net of tax, associated with a Brazilian retirement plan.

Of the amounts above, $98 million of unrecognized net actuarial loss and $5 million of unrecognized prior service cost will be recognized in net periodic pension costs in 2012.

Additional Information: Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets

(in millions)	As of December 31, 2011	2010
Projected benefit obligation	$ -	$1,052
Accumulated benefit obligation	-	956
Fair value of plan assets	$ -	$ 951

Assumptions Used for Pension Benefits Accounting

(percentages)	As of December 31, 2011	2010	2009
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Salary increase (graded by age)	4.40	4.10	4.50

	2011	2010	2009
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
Salary increase	4.10	4.50	4.50
Expected long-term rate of return on plan assets	8.25	8.50	8.50

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Non-Qualified Pension Plans

Components of Net Periodic Pension Costs: Non-Qualified Pension Plans

(in millions)	For the Years Ended December 31, 2011	2010	2009
Service cost	$ 1	$ 1	$ 2
Interest cost on projected benefit obligation	8	9	10
Amortization of prior service cost	2	2	2
Settlement credit	-	-	(1)
Net periodic pension costs	$ 11	$ 12	$ 13

Other Changes in Plan Assets and Projected Benefit Obligations

Recognized in Regulatory Assets, Regulatory Liabilities and Accumulated Other Comprehensive Income: Non-Qualified Pension Plans

(in millions)	For the Years Ended December 31, 2011	2010
Regulatory assets, net increase	$ 2	$ 23
Regulatory liabilities, net increase	7	3
Accumulated other comprehensive (income) loss		
Deferred income tax asset	(1)	8
Actuarial losses (gains) arising during the year	1	(8)
Reclassification of actuarial gains (losses) to regulatory assets	-	(1)
Amortization of prior year prior service cost	-	(2)
Reclassification of prior service cost to regulatory assets	-	(1)
Reclassification of prior services cost to regulatory liabilities	-	(8)
Net amount recognized in accumulated other comprehensive (income) loss	$ -	$ (12)

Reconciliation of Funded Status to Net Amount Recognized: Non-Qualified Pension Plans

(in millions)	As of and for the Years Ended December 31, 2011	2010
Change in Projected Benefit Obligation		
Obligation at prior measurement date	$ 167	$ 173
Service cost	1	1
Interest cost	8	9
Actuarial losses (gains)	(2)	2
Benefits paid	(14)	(18)
Obligation at measurement date	$ 160	$ 167
Change in Fair Value of Plan Assets		
Benefits paid	$ (14)	$ (18)
Employer contributions	14	18
Plan assets at measurement date	$ -	$ -

The accumulated benefit obligation was $151 million and $160 million at December 31, 2011 and 2010, respectively.

Amounts Recognized in the Consolidated Balance Sheets: Non-Qualified Pension Plans

The following table provides the amounts related to Duke Energy's non-qualified pension plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2011 and 2010:

	As of December 31,	
(in millions)	**2011**	**2010**
Accrued pension liability[(a)]	$ (160)	$ (167)

(a) Includes $17 million and $19 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2011 and 2010, respectively.

The following table provides the amounts related to Duke Energy's non-qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits, Other within Deferred Credits and Other Liabilities and AOCI on the Consolidated Balance Sheets at December 31, 2011 and 2010:

	As of December 31,	
(in millions)	**2011**	**2010**
Regulatory assets	$ 25	$ 23
Regulatory liabilities	10	3
Accumulated other comprehensive (income) loss		
Deferred income tax (asset) liability	-	1
Prior service cost	-	1
Net actuarial loss (gain)	1	(1)
Net amount recognized in accumulated other comprehensive (income) loss	$ 1	$ 1

Of the amounts above, $1 million of unrecognized prior service cost and $1 million of unrecognized net actuarial loss will be recognized in net periodic pension costs in 2012.

Additional Information: Non-Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets

(in millions)	As of December 31, 2011	2010
Projected benefit obligation	$ 160	$ 167
Accumulated benefit obligation	151	160
Fair value of plan assets	$ -	$ -

Assumptions Used for Pension Benefits Accounting

(percentages)	As of December 31, 2011	2010	2009
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Salary increase (graded by age)	4.40	4.10	4.50
	2011	**2010**	**2009**
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
Salary increase	4.10	4.50	4.50

The discount rate used to determine the current year pension obligation and following year's pension expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Other Post-Retirement Benefit Plans

Duke Energy and most of its subsidiaries provide some health care and life insurance benefits for retired employees on a contributory and non-contributory basis. Employees are eligible for these benefits if they have met age and service requirements at retirement, as defined in the plans.

Duke Energy did not make any pre-funding contributions to its other post-retirement benefit plans during the years ended December 31, 2011, 2010 or 2009.

These benefit costs are accrued over an employee's active service period to the date of full benefits eligibility. The net unrecognized transition obligation is amortized over 20 years. Actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the plan is 11 years.

Components of Net Periodic Other Post-Retirement Benefit Costs

(in millions)	For the Years Ended December 31, 2011 (a)	2010 (a)	2009 (a)
Service cost	$ 7	$ 7	$ 7
Interest cost on accumulated post-retirement benefit obligation	35	38	46
Expected return on plan assets	(15)	(15)	(16)
Amortization of prior service credit	(8)	(8)	(8)
Amortization of net transition liability	10	11	10
Amortization of actuarial gain	(3)	(5)	(5)
Net periodic other post-retirement benefit costs	$ 26	$ 28	$ 34

(a) These amounts exclude $8 million, $9 million and $9 million for the years ended December 31, 2011, 2010 and 2009, respectively, of regulatory asset amortization resulting from purchase accounting adjustments associated with Duke Energy's merger with Cinergy in April 2006.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Modernization Act) introduced a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans. Accounting guidance issued and adopted by Duke Energy in 2004 prescribes the appropriate accounting for the federal subsidy. The after-tax effect on net periodic post-retirement benefit cost was a decrease of $3 million in 2011, $4 million in 2010 and $3 million in 2009. Duke Energy recognized a $1 million subsidy receivable as of December 31, 2011 and 2010, which is included in Receivables on the Consolidated Balance Sheets.

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Accumulated Other Comprehensive Income, Regulatory Assets and Regulatory Liabilities: Other Post-Retirement Benefit Plans

(in millions)	For the Years Ended December 31, 2011	2010
Regulatory assets, net decrease	$ (22)	$ (14)
Regulatory liabilities, net increase (decrease)	21	(5)
Accumulated other comprehensive (income) loss		
Deferred income tax liability	1	1
Actuarial (gain) loss arising during the year	-	(3)
Amortization of prior year actuarial gains	1	1
Reclassification of actuarial losses to regulatory liabilities	-	(8)
Amortization of prior year prior service credit	-	2
Reclassification of prior service credit to regulatory liabilities	-	9
Amortization of prior year net transition liability	-	(2)
Reclassification of net transition liability to regulatory liabilities	-	(2)
Net amount recognized in accumulated other comprehensive (income) loss	$ 2	$ (2)

Reconciliation of Funded Status to Accrued Other Post-Retirement Benefit Costs

(in millions)	As of and for the Years Ended December 31, 2011	2010
Change in Benefit Obligation		
Accumulated post-retirement benefit obligation at prior measurement date	$ 723	$ 728
Service cost	7	7
Interest cost	35	38
Plan participants' contributions	32	35
Actuarial gain	(55)	(12)
Benefits paid	(83)	(79)
Early retiree reinsurance program subsidy	3	-
Accrued retiree drug subsidy	5	6
Accumulated post-retirement benefit obligation at measurement date	$ 667	$ 723
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	$ 186	$ 169
Actual return on plan assets	4	19
Benefits paid	(83)	(79)
Employer contributions	42	42
Plan participants' contributions	32	35
Plan assets at measurement date	$ 181	$ 186

Amounts Recognized in the Consolidated Balance Sheets: Other Post-Retirement Benefit Plans

The following table provides the amounts related to Duke Energy's other post-retirement benefit plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2011 and 2010:

(in millions)	As of December 31, 2011	2010
Accrued other post-retirement liability[(a)]	$ (486)	$ (537)

(a) Includes $3 million and $2 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2011 and 2010, respectively.

The following table provides the amounts related to Duke Energy's other post-retirement benefit plans that are reflected in Other within Regulatory Assets and Deferred Debits, Other within Deferred Credits and Other Liabilities and AOCI on the Consolidated Balance Sheets at December 31, 2011 and 2010:

	As of December 31,	
(in millions)	**2011**	**2010**
Regulatory assets	$ 37	$ 59
Regulatory liabilities	107	86
Accumulated other comprehensive (income)/loss:		
Deferred income tax liability	4	3
Prior service credit	(3)	(3)
Net actuarial loss (gain)	(6)	(7)
Net amount recognized in accumulated other comprehensive (income)/loss	$ (5)	$ (7)

Of the amounts above, $8 million of unrecognized net transition obligation, $6 million of unrecognized actuarial gains and $8 million of unrecognized prior service credit (which will reduce pension expense) will be recognized in net periodic pension costs in 2012.

Assumptions Used for Other Post-Retirement Benefits Accounting

	As of December 31,		
(percentages)	**2011**	**2010**	**2009**
Determined Benefit Obligations			
Discount rate	5.10	5.00	5.50
	2011	**2010**	**2009**
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
Expected long-term rate of return on plan assets	5.36 - 8.25	5.53 - 8.50	5.53 - 8.50
Assumed tax rate[(a)]	35.0	35.0	35.0

(a) Applicable to the health care portion of funded post-retirement benefits.

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other post-retirement benefits expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Assumed Health Care Cost Trend Rate

	2011	2010
Health care cost trend rate assumed for next year	8.75%	8.50%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2020	2020

Sensitivity to Changes in Assumed Health Care Cost Trend Rates

(in millions)	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total service and interest costs	$ 2	$ (2)
Effect on post-retirement benefit obligation	31	(28)

Expected Benefit Payments: Defined Benefit Retirement Plans

The following table presents Duke Energy's expected benefit payments to participants in its qualified, non-qualified and other post-retirement benefit plans over the next 10 years, which are primarily paid out of the assets of the various trusts. These benefit payments reflect expected future service, as appropriate.

(in millions)	Qualified Plans	Non-Qualified Plans	Other Post-Retirement Plans[(a)]	Total
Years Ended December 31,				
2012	$ 463	$ 17	$ 49	$ 529
2013	451	15	52	518
2014	440	17	53	510
2015	434	14	54	502
2016	428	13	55	496
2017 – 2021	2,050	64	270	2,384

(a) Duke Energy expects to receive future subsidies under Medicare Part D of $4 million in 2012 and $3 million in each of the years 2013-2016, and a total of $15 million during the years 2017-2021.

Plan Assets

Master Retirement Trust. Assets for both the qualified pension and other post-retirement benefits are maintained in a Master Retirement Trust (Master Trust). Approximately 97% of Master Trust assets were allocated to qualified pension plans and approximately 3% were allocated to other post-retirement plans, as of December 31, 2011 and 2010. The investment objective of the Master Trust is to achieve reasonable returns, subject to a prudent level of portfolio risk, for the purpose of enhancing the security of benefits for plan participants. The long-term rate of return of 8.00% as of December 31, 2011, for the Master Trust was developed using a weighted-average calculation of expected returns based primarily on future expected returns across asset classes considering the use of active asset managers. The following table includes the weighted-average returns expected by asset classes:

Asset Class	Weighted-average returns expected
U.S. Equities	2.61%
Non-U.S. Equities	1.50%
Global Equities	0.99%
Debt Securities	1.69%
Global Private Equity	0.37%
Hedge Funds	0.24%
Real Estate	0.30%
Other Global Securities	0.30%

The asset allocation targets were set after considering the investment objective and the risk profile. U.S. equities are held for their high expected return. Non-U.S. equities, debt securities, and real estate are held for diversification. Investments within asset classes are to be diversified to achieve broad market participation and reduce the impact of individual managers or investments. Duke Energy regularly reviews its actual asset allocation and periodically rebalances its investments to the targeted allocation when considered appropriate.

The Duke Energy Subsidiary Registrants' qualified pension and other post-retirement benefits are derived from the Master Trust, as such, each are allocated their proportionate share of the assets discussed below.

The following table presents target and actual asset allocations for the Master Trust at December 31, 2011 and 2010:

	Target Allocation	Percentage at December 31, 2011	Percentage at December 31, 2010
Asset Category			
U.S. equity securities	28%	28%	30%
Non-U.S. equity securities	15	15	19
Global equity securities	10	9	10
Debt securities	32	32	27
Global private equity securities	3	1	-
Hedge funds	4	3	3
Real estate and cash	4	9	7
Other global securities	4	3	4
Total	100%	100%	100%

VEBA I/II. Duke Energy also invests other post-retirement assets in the Duke Energy Corporation Employee Benefits Trust (VEBA I). As of December 31, 2010, Duke Energy invested in the Duke Energy Corporation Post-Retirement Medical Benefits Trust (VEBA II). The investment objective of VEBA I is to achieve sufficient returns, subject to a prudent level of portfolio risk, for the purpose of promoting the security of plan benefits for participants. VEBA I is passively managed.

The following tables present target and actual asset allocations for the VEBA I and VEBA II at December 31, 2011 and 2010:

	Target Allocation	Percentage at December 31, 2011	Percentage at December 31, 2010
VEBA I			
Asset Category			
U.S. equity securities	30%	20%	22%
Debt securities	45	31	34
Cash	25	49	44
Total	100%	100%	100%

	Target Allocation	Percentage at December 31, 2011	2010
VEBA II			
Asset Category			
U.S. equity securities	-%	-%	1%
Debt securities	-	-	69
Cash	-	-	30
Total	-%	-%	100%

Fair Value Measurements.

The accounting guidance for fair value defines fair value, establishes a framework for measuring fair value in GAAP in the U.S. and expands disclosure requirements about fair value measurements. Under the accounting guidance for fair value, fair value is considered to be the exchange price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The fair value definition focuses on an exit price, which is the price that would be received by Duke Energy to sell an asset or paid to transfer a liability versus an entry price, which would be the price paid to acquire an asset or received to assume a liability. Although the accounting guidance for fair value does not require additional fair value measurements, it applies to other accounting pronouncements that require or permit fair value measurements.

Duke Energy classifies recurring and non-recurring fair value measurements based on the following fair value hierarchy, as prescribed by the accounting guidance for fair value, which prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 — unadjusted quoted prices in active markets for identical assets or liabilities that Duke Energy has the ability to access. An active market for the asset or liability is one in which transactions for the asset or liability occurs with sufficient frequency and volume to provide ongoing pricing information. Duke Energy does not adjust quoted market prices on Level 1 for any blockage factor.

Level 2 — a fair value measurement utilizing inputs other than a quoted market price that are observable, either directly or indirectly, for the asset or liability. Level 2 inputs include, but are not limited to, quoted prices for similar assets or liabilities in an active market, quoted prices for identical or similar assets or liabilities in markets that are not active and inputs other than quoted market prices that are observable for the asset or liability, such as interest rate curves and yield curves observable at commonly quoted intervals, volatilities, credit risk and default rates. A Level 2 measurement cannot have more than an insignificant portion of the valuation based on unobservable inputs.

Level 3 — any fair value measurements which include unobservable inputs for the asset or liability for more than an insignificant portion of the valuation. A Level 3 measurement may be based primarily on Level 2 inputs.

The following table provides the fair value measurement amounts for Master Trust qualified pension and other post-retirement assets at December 31, 2011:

(in millions)	Total Fair Value Amounts at December 31, 2011[(a)]	Level 1	Level 2	Level 3
Master Trust				
Equity securities	$ 2,568	$ 1,745	$ 823	$ -
Corporate bonds	1,237	-	1,236	1
Short-term investment funds	328	276	52	-
Partnership interests	127	-	-	127
Hedge funds	89	-	89	-
Real estate investment trust	152	-	-	152
U.S. Government securities	211	-	211	-
Other investments[(b)]	33	30	2	1
Guaranteed investment contracts	39	-	-	39
Government bonds — Foreign	39	-	38	1
Cash	7	7	-	-
Asset backed securities	4	-	3	1
Government and commercial mortgage backed securities	8	-	8	-
Total Assets	$ 4,842	$2,058	$2,462	$ 322

(a) Excludes $27 million in net receivables and payables associated with security purchases and sales.
(b) Includes pending investment sales (net of investment purchases) of $3 million.

The following table provides the fair value measurement amounts for Master Trust qualified pension and other post-retirement assets at December 31, 2010:

(in millions)	Total Fair Value Amounts at December 31, 2011[(a)]	Level 1	Level 2	Level 3
Master Trust				
Equity securities	$ 2,978	$ 2,019	$ 959	$ -
Corporate bonds	1,062	11	1,040	11
Short-term investment funds	484	469	15	-
Partnership interests	108	-	-	108
Hedge funds	94	-	94	-
Real estate investment trust	66	-	-	66
U.S. Government securities	138	-	138	-
Other investments[(b)]	(121)	(84)	3	(40)
Guaranteed investment contracts	38	-	-	38
Government bonds — Foreign	35	-	34	1
Cash	2	2	-	-
Asset backed securities	9	-	8	1
Government and commercial mortgage backed securities	8	-	8	-
Total Assets	$ 4,901	$ 2,417	$ 2,299	$ 185

(a) Excludes $23 million in net receivables and payables associated with security purchases and sales.
(b) Includes pending investment sales (net of investment purchases) of $(139) million.

The following table provides the fair value measurement amounts for VEBA I other post-retirement assets at December 31, 2011:

(in millions)	Total Fair Value Amounts at December 31, 2011	Level 1	Level 2	Level 3
VEBA I				
Cash and cash equivalents	$ 26	$ -	$ 26	$ -
Equity securities	11	-	11	-
Debt securities	16	-	16	-
Total Assets	$ 53	$ -	$ 53	$ -

The following table provides the fair value measurement amounts for VEBA I and VEBA II other post-retirement assets at December 31, 2010:

(in millions)	Total Fair Value Amounts at December 31, 2010	Level 1	Level 2	Level 3
VEBA I / II				
Cash and cash equivalents	$ 30	$ -	$ 30	$ -
Equity securities	12	-	12	-
Debt securities	17	-	17	-
Total Assets	$ 59	$ -	$ 59	$ -

The following table provides a reconciliation of beginning and ending balances of Master Trust assets measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3) for the year ended December 31, 2011:

Year Ended December 31, 2011 (in millions)

Master Trust		
Balance at January 1, 2011	$	185
Purchases, sales, issuances and settlements:		
Purchases		156
Sales		(29)
Total gains (losses), (realized and unrealized) and other		10
Balance at December 31, 2011	$	322

The following table provides a reconciliation of beginning and ending balances of Master Trust assets measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3) for the year ended December 31, 2010:

Year Ended December 31, 2010 (in millions)

Master Trust		
Balance at January 1, 2010	$	256
Purchases, sales, issuances and settlements (net)		(71)
Total gains (losses), realized and unrealized and other		-
Balance at December 31, 2010	$	185

Valuation methods of the primary fair value measurements disclosed above are as follows:

Investments in equity securities:

Investments in equity securities are typically valued at the closing price in the principal active market as of the last business day of the quarter. Principal active markets for equity prices include published exchanges such as NASDAQ and NYSE. Foreign equity prices are translated from their trading currency using the currency exchange rate in effect at the close of the principal active market. Duke Energy has not adjusted prices to reflect for after-hours market activity. Most equity security valuations are Level 1 measures. Investments in equity securities with unpublished prices are valued as Level 2 if they are redeemable at the measurement date. Investments in equity securities with redemption restrictions are valued as Level 3.

Investments in corporate bonds and U.S. government securities:

Most debt investments are valued based on a calculation using interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating. Most debt valuations are Level 2 measures. If the market for a particular fixed income security is relatively inactive or illiquid, the measurement is a Level 3 measurement.

Investments in short-term investment funds:

Valued at the net asset value of units held at year end. Investments in short-term investment funds with published prices are valued as Level 1. Investments in short-term investment funds with unpublished prices are valued as Level 2.

Investments in real estate investment trust:

Valued based upon property appraisal reports prepared by independent real estate appraisers. The Chief Real Estate Appraiser of the asset manager is responsible for assuring that the valuation process provides independent and reasonable property market value estimates. An external appraisal management firm not affiliated with the asset manager has been appointed to assist the Chief Real Estate Appraiser in maintaining and monitoring the independence and the accuracy of the appraisal process.

Employee Savings Plans

Duke Energy sponsors employee savings plans that cover substantially all U.S. employees. Most employees participate in a matching contribution formula where Duke Energy provides a matching contribution generally equal to 100% of employee before-tax and Roth 401(k) contributions, of up to 6% of eligible pay per pay period. Duke Energy made pre-tax employer matching contributions of $86 million in 2011, $85 million in 2010 and $80 million in 2009. Dividends on Duke Energy shares held by the savings plans are charged to retained earnings when declared and shares held in the plans are considered outstanding in the calculation of basic and diluted earnings per share.

DUKE ENERGY CAROLINAS

Duke Energy Retirement Plans.

Duke Energy Carolinas participates in Duke Energy sponsored qualified non-contributory defined benefit retirement plans. The plans cover most U.S. employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits that are based upon a percentage (which may vary with age and years of service) of current eligible earnings and current interest credits. Duke Energy Carolinas also participates in Duke Energy sponsored non-qualified, non-contributory defined benefit pension plans which cover certain executives.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefits to be paid to plan participants. The following table includes information related to Duke Energy Carolinas' contributions to Duke Energy's qualified defined benefit pension plans.

	Years Ended December 31,			
(in millions)	**2012**	**2011**	**2010**	**2009**
Contributions made	-	$ 33	$ 158	$ 158
Anticipated contributions	$ 66	-	-	-

Actuarial gains and losses subject to amortization are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the qualified retirement plans is nine years. The average remaining service period of active employees covered by the non-qualified retirement plans is also nine years. Duke Energy determines the market-related value of plan assets using a calculated value that recognizes changes in fair value of the plan assets in a particular year on a straight-line basis over the next five years.

Net periodic pension costs disclosed in the tables below for the qualified, non-qualified and other post-retirement benefit plans represent the cost of the respective plan for the periods presented. However, portions of the net periodic pension costs (benefits) disclosed in the tables have been capitalized as a component of property, plant and equipment.

Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Amounts presented in the tables below represent the amounts of pension and other post-retirement benefit cost allocated by Duke Energy for employees of Duke Energy Carolinas. Additionally, Duke Energy Carolinas is allocated its proportionate share of pension and other post-retirement benefit cost for employees of Duke Energy's shared services affiliate that provides support to Duke Energy Carolinas. These allocated amounts are included in the governance and shared services costs discussed in Note 13.

Qualified Pension Plans

Components of Net Periodic Pension (Benefit) Costs as allocated by Duke Energy: Qualified Pension Plans

	For the Years Ended December 31,		
(in millions)	**2011**	**2010**	**2009**
Service cost	$ 37	$ 36	$ 31
Interest cost on projected benefit obligation	85	91	95
Expected return on plan assets	(150)	(147)	(142)
Amortization of prior service cost	1	1	1
Amortization of actuarial loss	37	27	2
Other	7	8	7
Net periodic pension costs (benefit)	$ 17	$ 16	$ (6)

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets: Qualified Pension Plans

	For the Years Ended December 31,	
(in millions)	**2011**	**2010**
Regulatory assets, net increase	$ 65	$ 628

Reconciliation of Funded Status to Net Amount Recognized: Qualified Pension Plans

(in millions)	As of and for the Years Ended December 31, 2011	2010
Change in Projected Benefit Obligation		
Obligation at prior measurement date	$ 1,786	$ 1,737
Service cost	37	36
Interest cost	85	91
Actuarial losses	20	57
Transfers	(5)	(5)
Plan amendments	13	-
Benefits paid	(105)	(130)
Obligation at measurement date	$ 1,831	$ 1,786

The accumulated benefit obligation was $1,787 million and $1,743 million at December 31, 2011 and 2010, respectively.

(in millions)	As of and for the Years Ended December 31, 2011	2010
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	$ 1,837	$ 1,602
Actual return on plan assets	60	212
Benefits paid	(105)	(130)
Transfers	(5)	(5)
Employer contributions	33	158
Obligation at measurement date	$ 1,820	$ 1,837

Amounts Recognized in the Consolidated Balance Sheets: Qualified Pension Plans

The following table provides the amounts related to Duke Energy's Carolinas' qualified pension plans that are reflected in Other within Investments and Other Assets on the Consolidated Balance Sheets at December 31, 2011 and 2010:

(in millions)	As of and for the Years Ended December 31, 2011	2010
Prefunded pension cost	$ -	$ 51
Accrued pension liability	(11)	-

The following table provides the amounts related to Duke Energy Carolinas' qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits on the Consolidated Balance Sheets at December 31, 2011 and 2010:

(in millions)	As of December 31, 2011	2010
Regulatory assets	$ 693	$ 628

Of the amounts above, $46 million of unrecognized net actuarial loss and $1 million of unrecognized prior service cost will be recognized in net periodic pension costs in 2012.

Additional Information: Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets as allocated by Duke Energy

(in millions)	As of December 31, 2011	2010
Projected benefit obligation	$ -	$ -
Accumulated benefit obligation	-	-
Fair value of plan assets	-	-

Assumptions Used for Pension Benefits Accounting

(percentages)	As of December 31, 2011	2010	2009
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Salary increase (graded by age)	4.40	4.10	4.50

	2011	2010	2009
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
Salary increase	4.10	4.50	4.50
Expected long-term rate of return on plan assets	8.25	8.50	8.50

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other post-retirement benefits expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Non-Qualified Pension Plans

Components of Net Periodic Pension Costs as allocated by Duke Energy: Non-Qualified Pension Plans

	For the Years Ended December 31,		
(in millions)	**2011**	**2010**	**2009**
Amortization of prior service cost	$ -	$ 1	$ 1
Interest cost on projected benefit obligation	1	1	1
Net periodic pension costs	$ 1	$ 2	$ 2

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets: Non-Qualified Pension Plans

	For the Years Ended December 31,	
	2011	**2010**
	(in millions)	
Regulatory assets, new increase	$ -	$ 3

Reconciliation of Funded Status to Net Amount Recognized: Non-Qualified Pension Plans

(in millions)	As of and for the Years Ended December 31, 2011	2010
Change in Projected Benefit Obligation		
Obligation at prior measurement date	$ 21	$ 22
Transfers	(1)	-
Interest cost	1	1
Actuarial losses	-	1
Benefits paid	(3)	(3)
Obligation at measurement date	$ 18	$ 21
Change in Fair Value of Plan Assets		
Benefits paid	(3)	(3)
Employer contributions	3	3
Plan assets at measurement date	$ -	$ -

The accumulated benefit obligation was $17 million and $20 million at December 31, 2011 and 2010, respectively.

Amounts Recognized in the Consolidated Balance Sheets: Non-Qualified Pension Plans

The following table provides the amounts related to Duke Energy Carolinas' non-qualified pension plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2011 and 2010:

(in millions)	As of December 31, 2011	2010
Accrued pension liability[(a)]	$ (18)	$ (21)

(a) Includes $3 million and $5 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of December 31, 2011 and 2010, respectively.

The following table provides the amounts related to Duke Energy's non-qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits on the Consolidated Balance Sheets at December 31, 2011 and 2010:

(in millions)	As of December 31, 2011	2010
Regulatory assets	$ 3	$ 3

Of the amounts above, an insignificant amount will be recognized in net periodic pension costs in 2012.

Additional Information: Non-Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets as allocated by Duke Energy

	As of December 31, 2011	2010
	(in millions)	
Projected benefit obligation	$ 18	$ 21
Accumulated benefit obligation	17	20
Fair value of plan assets	-	-

Assumptions Used for Pension Benefits Accounting

(percentages)	As of December 31, 2011	2010	2009
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Salary increase	4.40	4.10	4.50
	2011	**2010**	**2009**
Determined Expense			
Discount rate	5.00	5.50	6.50
Salary increase	4.10	4.50	4.50

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other post-retirement benefits expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Other Post-Retirement Benefit Plans

In conjunction with Duke Energy, Duke Energy Carolinas provides some health care and life insurance benefits for retired employees on a contributory and non-contributory basis. Employees are eligible for these benefits if they have met age and service requirements at retirement, as defined in the plans.

These benefit costs are accrued over an employee's active service period to the date of full benefits eligibility. The net unrecognized transition obligation is amortized over 20 years. Actuarial gains and losses are amortized over the average remaining service period of the active employees. The average remaining service period of the active employees covered by the plan is ten years.

Components of Net Periodic Other Post-Retirement Benefit Costs as allocated by Duke Energy

	For the Years Ended December 31,		
	2011	2010	2009
		(in millions)	
Service cost benefit earned during the year	$ 2	$ 2	$ 2
Interest cost on accumulated post-retirement benefit obligation	16	17	21
Expected return on plan assets	(10)	(10)	(11)
Amortization of prior service credit	(5)	(5)	(5)
Amortization of net transition liability	9	9	9
Amortization of actuarial loss	2	3	1
Net periodic other post-retirement benefit costs	$ 14	$ 16	$ 17

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets: Other Post-Retirement Benefit Plans

	For the Years Ended December 31,	
	2011	2010
	(in millions)	
Regulatory assets, net (decrease) increase	$ (12)	$ 49

Reconciliation of Funded Status to Accrued Other Post-Retirement Benefit Costs

(in millions)	As of and for the Years Ended December 31, 2011	2010
Change in Benefit Obligation		
Accumulated post-retirement benefit obligation at prior measurement date	$ 326	$ 338
Service cost	2	2
Interest cost	16	17
Plan participants' contributions	21	24
Actuarial gain	(12)	(14)
Transfer	(1)	(1)
Plan transfer	(1)	-
Benefits paid	(44)	(44)
Early retiree reinsurance program subsidy	2	-
Accrued retiree drug subsidy	3	4
Accumulated post-retirement benefit obligation at measurement date	$ 312	$ 326
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	$ 125	$ 114
Actual return on plan assets	2	13
Benefits paid	(44)	(44)
Employer contributions	16	18
Plan participants' contributions	21	24
Plan assets at measurement date	$ 120	$ 125

Amounts Recognized in the Consolidated Balance Sheets: Other Post-Retirement Benefit Plans

The following table provides the amounts related to Duke Energy Carolinas' other post-retirement benefit plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2011 and 2010:

(in millions)	As of December 31, 2011	2010
Accrued other post-retirement liability	$ (192)	$ (201)

The following table provides the amounts related to Duke Energy Carolinas' other post-retirement benefit plans that are reflected in Other within Regulatory Assets and Deferred Debits on the Consolidated Balance Sheets at December 31, 2011 and 2010:

	As of December 31,	
(in millions)	**2011**	**2010**
Regulatory assets	$ 37	$ 49

Of the amounts above, $6 million of unrecognized net transition obligation, $3 million of unrecognized losses and $5 million of unrecognized prior service credit (which will reduce pension expense) will be recognized in net periodic pension costs in 2012.

Assumptions Used for Other Post-Retirement Benefits Accounting

(percentages)	**2011**	**2010**	**2009**
Determined Benefit Obligations			
Discount rate	5.10	5.00	5.50
	2011	**2010**	**2009**
Determined Expense			
Discount rate	5.00	5.50	6.50
Expected long-term rate of return on plan assets	5.36 - 8.25	5.53 - 8.50	5.53 - 8.50
Assumed tax rate[(a)]	35.0	35.0	35.0

(a) Applicable to the health care portion of funded post-retirement benefits.

The discount rate used to determine the current year other post-retirement benefits obligation and following year's other post-retirement benefits expense is based on a bond selection-settlement portfolio approach. This approach develops a discount rate by selecting a portfolio of high quality corporate bonds that generate sufficient cash flow to provide for the projected benefit payments of the plan. The selected bond portfolio is derived from a universe of non-callable corporate bonds rated Aa quality or higher. After the bond portfolio is selected, a single interest rate is determined that equates the present value of the plan's projected benefit payments discounted at this rate with the market value of the bonds selected.

Assumed Health Care Cost Trend Rate

	2011	2010
Health care cost trend rate assumed for next year	8.75%	8.50%
Rate to which the cost trend is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2020	2020

Sensitivity to Changes in Assumed Health Care Cost Trend Rates

(in millions)	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total service and interest costs	$ 1	$ (1)
Effect on post-retirement benefit obligation	13	(12)

Expected Benefit Payments: Defined Benefit Retirement Plans

The following table presents Duke Energy's expected benefit payments made on behalf of Duke Energy Carolinas to participants in its qualified, non-qualified and other post-retirement benefit plans over the next 10 years, which are primarily paid out of the assets of the various trusts. These benefit payments reflect expected future service, as appropriate.

(in millions)	Qualified Plans	Non-Qualified Plans	Other Post-Retirement Plans[(a)]	Total
Years Ended December 31,				
2012	$ 186	$ 3	$ 22	$ 211
2013	186	3	23	212
2014	185	3	24	212
2015	183	3	25	211
2016	179	2	26	207
2017 – 2021	806	10	129	945

(a) Duke Energy expects to receive on behalf of Duke Energy Carolinas, future subsidies under Medicare Part D of $2 million in each of the years 2012-2016 and a total of $9 million during the years 2017-2021.

Employee Savings Plans

Duke Energy sponsors, and Duke Energy Carolinas participates in, an employee savings plan that covers substantially all U.S. employees. Duke Energy contributes a matching contribution equal to 100% of employee before-tax and Roth 401(k) contributions, of up to 6% of eligible pay per pay period. Duke Energy Carolinas expensed pre-tax plan contributions, as allocated by Duke Energy, of $37 million in 2011, $36 million in 2010 and $36 million in 2009.

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Duke Energy Retirement Plans.

Duke Energy Ohio participates in qualified and non-qualified defined benefit pension plans and other post-retirement benefit plans sponsored by Duke Energy. Duke Energy allocates pension and other post-retirement obligations and costs related to these plans to Duke Energy Ohio.

Net periodic benefit cost disclosed in the tables below for the qualified, non-qualified and other post-retirement benefit plans represent the cost of the respective plan for the periods presented. However, portions of the net periodic benefit cost disclosed in the tables have been capitalized as a component of property, plant and equipment.

Duke Energy uses a December 31 measurement date for its defined benefit retirement plan assets and obligations.

Amounts presented in the tables below represent the amounts of pension and other post-retirement benefit cost allocated to Duke Energy Ohio. Additionally, Duke Energy Ohio is allocated its proportionate share of pension and other post-retirement benefit cost for employees of Duke Energy's shared services affiliate that provides support to Duke Energy Ohio. These allocated amounts are included in the governance and shared services costs discussed in Note 13.

Qualified Pension Plans

Duke Energy's qualified defined benefit pension plans cover substantially all employees meeting certain minimum age and service requirements. The plans cover most employees using a cash balance formula. Under a cash balance formula, a plan participant accumulates a retirement benefit consisting of pay credits that are based upon a percentage (which varies with age and years of service) of current eligible earnings and current interest credits. Certain legacy Cinergy employees are covered under plans that use a final average earnings formula. Under a final average earnings formula, a plan participant accumulates a retirement benefit equal to a percentage of their highest 3-year average earnings, plus a percentage of their highest 3-year average earnings in excess of covered compensation per year of participation (maximum of 35 years), plus a percentage of their highest 3-year average earnings times years of participation in excess of 35 years. Duke Energy Ohio also participates in Duke Energy sponsored non-qualified, non-contributory defined benefit pension plans which cover certain executives.

Duke Energy's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefits to be paid to plan participants. The following table includes information related to Duke Energy Ohio's contributions to Duke Energy's qualified defined benefit pension plans.

	Years ended December 31,			
(in millions)	**2012**	**2011**	**2010**	**2009**
Contributions made	-	$ 48	$ 45	$ 210
Anticipated contributions	$ 29	-	-	-

Actuarial gains and losses are amortized over the average remaining service period of active employees. The average remaining service period of active employees covered by the qualified retirement plans is ten years. The average remaining service period of active employees covered by the non-qualified retirement plans is also ten years. Duke Energy determines the market-related value of plan assets using a calculated value that recognizes changes in fair value of the plan assets over five years.

Components of Net Periodic Pension Costs as allocated by Duke Energy: Qualified Pension Plans

(in millions)	For the Years Ended December 31, 2011 (a)	2010 (a)	2009 (a)
Service cost	$ 7	$ 7	$ 8
Interest cost on projected benefit obligation	32	33	38
Expected return on plan assets	(44)	(44)	(43)
Amortization of prior service cost	1	1	1
Amortization of actuarial loss	7	4	-
Other	2	2	2
Net periodic other pension costs	$ 5	$ 3	$ 6

(a) These amounts exclude $7 million, $7 million and $4 million for the years ended December 31, 2011, 2010 and 2009, respectively, of regulatory asset amortization resulting from purchase accounting adjustments associated with Duke Energy's merger with Cinergy in April 2006.

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets and AOCI: Qualified Pension Plans

(in millions)	For the Years Ended December 31, 2011	2010
Regulatory assets, net increase	$ 11	$ 6
Accumulated other comprehensive (income) loss		
Deferred income tax asset	1	4
Actuarial loss (gain) arising during the year	10	(9)
Amortization of prior year actuarial losses	(3)	(1)
Amortization of prior year prior service cost	-	(1)
Net amount recognized in accumulated other comprehensive (income) loss	$ 8	$ (7)

Reconciliation of Funded Status to Net Amount Recognized: Qualified Pension Plans

(in millions)	As of and for the Years Ended December 31, 2011	2010
Change in Projected Benefit Obligation		
Obligation at prior measurement date	$ 651	$ 689
Service cost	7	7
Interest cost	32	33
Actuarial (gains) losses	(9)	24
Plan amendments	-	-
Transfers	(17)	(54)
Benefits paid	(37)	(48)
Obligation at measurement date	$ 627	$ 651

The accumulated benefit obligation was $602 million and $616 million at December 31, 2011 and 2010, respectively.

(in millions)	As of and for the Years Ended December 31, 2011	2010
Change in Fair Value of Plan Assets		
Plan assets at prior measurement date	$ 565	$ 557
Actual return on plan assets	6	65
Transfers	(17)	(54)
Benefits paid	(37)	(48)
Employer contributions	48	45
Plan assets at measurement date	$ 565	$ 565

Amounts Recognized in the Consolidated Balance Sheets: Qualified Pension Plans

The following table provides the amounts related to Duke Energy Ohio's qualified pension plans that are reflected in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets at December 31, 2011 and 2010:

	As of and for the Years Ended December 31,	
(in millions)	**2011**	**2010**
Accrued pension liability	$ (62)	$ (86)

The following table provides the amounts related to Duke Energy Ohio's qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits and AOCI on the Consolidated Balance Sheets at December 31, 2011 and 2010:

	As of December 31,	
(in millions)	**2011**	**2010**
Regulatory assets	$ 122	$ 111
Accumulated Other Comprehensive (Income) Loss		
Deferred income tax asset	$ (15)	$ (16)
Prior service cost	1	1
Net actuarial loss	52	45
Net amount recognized in accumulated other comprehensive loss (income)	$ 38	$ 30

Of the amounts above, approximately $9 million of unrecognized net actuarial loss and approximately $1 million of unrecognized prior service cost will be recognized in net periodic pension costs in 2012.

Additional Information: Qualified Pension Plans

Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets as allocated by Duke Energy

	As of December 31,	
(in millions)	**2011**	**2010**
Projected benefit obligation	$ -	$ 651
Accumulated benefit obligation	-	616
Fair value of plan assets	-	565