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As of December 31, 2010 and 2009, the carrying amount of investments in affiliates with carrying amounts greater than zero approximated the amount of underlying equity in net assets.

Impairments. There were no significant pre-tax impairment charges to the carrying value of investments in unconsolidated affiliates during the year ended December 31, 2011. During the years ended December 31, 2010 and 2009, Duke Energy recorded pre-tax impairment charges to the carrying value of investments in unconsolidated affiliates of \$11 million and \$21 million, respectively. Approximately \$18 million of the impairment charge recorded during the year ended December 31, 2009 relates to International Energy's investment in Attiki, (discussed above). These impairment charges, which were recorded in Gains (Losses) on Sales of Unconsolidated Affiliates on the Consolidated Statements of Operations, were recorded as a result of Duke Energy concluding that it would not be able to recover its carrying value in these investments, thus the carrying value of these investments were written down to their estimated fair value.

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Combined Notes To Consolidated Financial Statements – (Continued)

Investments in Equity Method Unconsolidated Affiliates

	As of:					
	December 31, 2011			December 31, 2010		
	Domestic	International	Total	Domestic	International	Total
	(in millions)					
U.S. Franchised Electric and Gas	\$ 5	\$ —	\$ 5	\$ 5	\$ —	\$ 5
Commercial Power	188	—	188	174	1	175
International Energy	—	91	91	—	83	83
Other	167	9	176	173	8	181
	\$ 360	\$ 100	\$ 460	\$ 352	\$ 92	\$ 444

Equity in Earnings of Equity Method Unconsolidated Affiliates

	For the Years Ended:								
	December 31, 2011			December 31, 2010			December 31, 2009		
	Domestic	International	Total(a)	Domestic	International	Total(a)	Domestic	International	Total(a)
	(in millions)								
U.S. Franchised Electric and Gas	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (10)	\$ —	\$ (10)
Commercial Power	6	—	6	7	—	7	7	—	7
International Energy	—	145	145	—	102	102	—	72	72
Other	7	2	9	5	2	7	—	1	1
	\$ 13	\$ 147	\$ 160	\$ 12	\$ 104	\$ 116	\$ (3)	\$ 73	\$ 70

- (a) Duke Energy's share of net earnings from these unconsolidated affiliates is reflected in the Consolidated Statements of Operations as Equity in Earnings of Unconsolidated Affiliates.

During the years ended December 31, 2011, 2010 and 2009, Duke Energy received distributions from equity investments of \$149 million, \$111 million and \$83 million, respectively, which are included in Other assets within Cash Flows from Operating Activities on the Consolidated Statements of Cash Flows.

Summarized Combined Financial Information of Equity Method Unconsolidated Affiliates

	As of December 31,	
	2011	2010
	(in millions)	
Balance Sheet		
Current assets	\$ 492	\$ 413
Non-current assets	1,599	1,599
Current liabilities	(267)	(242)
Non-current liabilities	(225)	(145)
Net assets	\$1,599	\$1,625

	For the Years Ended		
	December 31,		
	2011	2010	2009
	(in millions)		
Income Statement			
Operating revenues	\$1,615	\$1,385	\$1,509
Operating expenses	865	924	1,252
Net income	607	430	257

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Other Investments. Commercial Power had an interest in South Houston Green Power, L.P. (SHGP), which is a cogeneration facility containing three combustion turbines in Texas City, Texas. Although Duke Energy owned a significant portion of SHGP, it was not consolidated as Duke Energy did not hold a majority voting control or have the ability to exercise control over SHGP, nor was Duke Energy the primary beneficiary.

Duke Energy exercised the cash settlement option of an asset swap agreement for SHGP and received total cash proceeds of \$184 million in December 2010. This transaction did not result in a significant gain.

Advance SC, LLC., which provides funding for economic development projects, educational initiatives, and other programs, was formed during 2004. USFE&G made donations of \$3 million, \$1 million and \$11 million to the unconsolidated subsidiary during the years ended December 31, 2011, 2010 and 2009, respectively. Additionally, at December 31, 2011, USFE&G had an immaterial trade payable to Advance SC, LLC. At December 31, 2010, USFE&G had a trade payable to Advance SC, LLC. of \$3 million.

Duke Energy Carolinas

Duke Energy Carolinas engages in related party transactions, which are generally performed at cost and in accordance with the applicable state and federal commission regulations. Balances due to or due from related parties included in the Consolidated Balance Sheets are as follows:

Assets/(Liabilities)

	December 31, 2011 ^(a)	(in millions)	December 31, 2010 ^(a)
Current assets ^(b)	\$ 51		\$ 293
Non-current assets ^(c)	111		104
Current liabilities ^(d)	(171)		(195)
Non-current liabilities ^(e)	(64)		(93)
Net deferred tax liabilities ^(f)	(4,509)		(3,906)

- (a) Balances exclude assets or liabilities associated with accrued pension and other post-retirement benefits and money pool arrangements as discussed below.
- (b) Of the balance at December 31, 2011, \$2 million is classified as Receivables and \$49 million is classified as Other within Current Assets on the Consolidated Balance Sheets. Of the balance at December 31, 2010, \$90 million is classified as Receivables and \$203 million is classified as Other within Current Assets on the Consolidated Balance Sheets.
- (c) The balances at December 31, 2011 and December 31, 2010 are classified as Other within Investments and Other Assets on the Consolidated Balance Sheets.
- (d) Of the balance at December 31, 2011, \$157 million is classified as Accounts payable and \$14 million is classified as accrued taxes on the Consolidated Balance Sheets. The balance at December 31, 2010 is classified as Accounts payable on the Consolidated Balance Sheets.
- (e) The balances at December 31, 2011 and December 31, 2010 are classified as Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.
- (f) Of the balance at December 31, 2011, \$(4,555) million is classified as Deferred income taxes and \$46 million is classified as Other within Current Assets on the Consolidated Balance Sheets. Of the balance at December 31, 2010, \$(3,988) million is classified as Deferred income taxes and \$82 million is classified as Other within Current Assets on the Consolidated Balance Sheets.

As discussed further in Note 21, Duke Energy Carolinas participates in Duke Energy's qualified pension plan, non-qualified pension plan and other post-retirement benefit plans and is allocated its proportionate share of expenses associated with these plans. Additionally, Duke Energy Carolinas has been allocated accrued pension and other post-retirement benefit obligations as shown in the following table:

	December 31, 2011	(in millions)	December 31, 2010
Other current liabilities	\$ 8		\$ 10
Accrued pension and other post-retirement benefit costs	248		242
Total allocated accrued pension and other post-retirement benefit obligations	\$ 256		\$ 252

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Other Related Party Amounts

	\$000,000,000	\$000,000,000	\$000,000,000
	Years Ended December 31,		
	2011	2010	2009
		(in millions)	
Corporate governance and shared service expenses ^(a)	\$ 1,009	\$ 1,016	\$ 825
Indemnification coverages ^(b)	21	25	28
Rental income and other charged expenses, net ^(c)	(11)	3	22

- (a) Duke Energy Carolinas is charged its proportionate share of corporate governance and other costs by an unconsolidated affiliate that is a consolidated affiliate of Duke Energy. Corporate governance and other shared services costs are primarily related to human resources, employee benefits, legal and accounting fees, as well as other third party costs. These amounts are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations. The increase in 2010 as compared to 2009 is primarily attributable to the 2010 voluntary opportunity plan discussed further in Note 19.
- (b) Duke Energy Carolinas incurs expenses related to certain indemnification coverages through Bison, Duke Energy's wholly-owned captive insurance subsidiary. These expenses are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations.
- (c) Duke Energy Carolinas records income associated with the rental of office space to a consolidated affiliate of Duke Energy, as well as its proportionate share of certain charged expenses from affiliates of Duke Energy.

As discussed further in Note 6, Duke Energy Carolinas participates in a money pool arrangement with Duke Energy and other Duke Energy subsidiaries. Interest income associated with money pool activity, which is recorded in Other Income and Expenses, net on the Consolidated Statements of Operations, was \$1 million for the years ended December 31, 2011 and 2010, and insignificant for the year ended December 31, 2009. Interest expense associated with money pool activity, which is recorded in Interest Expense on the Consolidated Statements of Operations, was \$1 million, for the years ended December 31, 2011 and 2010 and \$3 million for the year ended December 31, 2009.

During December 31, 2011 and 2010, Duke Energy Carolinas made equity distributions to its parent, Duke Energy, in the amounts of \$299 million and \$350 million, respectively.

During the year ended December 31, 2010, Duke Energy Carolinas received a \$146 million allocation of net pension and other post-retirement benefit assets from its parent, Duke Energy. During the year ended December 31, 2009, Duke Energy Carolinas received \$250 million in capital contributions from its parent, Duke Energy. Additionally, during the year ended December 31, 2009, Duke Energy Carolinas recorded an approximate \$3 million increase in Member's Equity as a result of forgiveness of an advance by its parent, Duke Energy.

Duke Energy Ohio

Duke Energy Ohio engages in related party transactions, which are generally performed at cost and in accordance with the applicable state and federal commission regulations. Balances due to or due from related parties included in the Consolidated Balance Sheets are as follows:

Assets/(Liabilities)

	December 31, 2011 ^(a)	December 31, 2010 ^(a)
	(in millions)	
Current assets ^(b)	\$ 44	\$ 82
Non-current assets ^(c)	22	15
Current liabilities ^(d)	(84)	(86)
Non-current liabilities ^(e)	—	(42)
Net deferred tax liabilities ^(f)	(1,751)	(1,579)

- (a) Balances exclude assets or liabilities associated with accrued pension and other post-retirement benefits, CRC and money pool arrangements as discussed below.
- (b) Of the balance at December 31, 2011, \$15 million is classified as Receivables and \$29 million is classified as Other within Current Assets on the Consolidated Balance Sheets. Of the balance at December 31, 2010, \$24 million is classified as Receivables and \$58 million is classified as Other within Current Assets on the Consolidated Balance Sheets.
- (c) The balances at December 31, 2011 and December 31, 2010 are classified as Other within Investments and Other Assets on the Consolidated Balance Sheets.
- (d) The balance at December 31, 2011, is classified as Accounts payable on the Consolidated Balance Sheets. Of the balance at December 31, 2010, \$(83) million is classified as Accounts payable and \$(3) million is classified as Other within Current Liabilities on the Consolidated Balance Sheets.

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- (e) The balance at December 31, 2010, is classified as Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.
- (f) Of the balance at December 31, 2011, \$(1,798) million is classified as Deferred income taxes and \$47 million is classified as Other within Current Assets on the Consolidated Balance Sheets. Of the balance at December 31, 2010, \$(1,588) million is classified as Deferred income taxes and \$9 million is classified as Other within Current Assets on the Consolidated Balance Sheets.

As discussed further in Note 21, Duke Energy Ohio participates in Duke Energy's qualified pension plan, non-qualified pension plan and other post-retirement benefit plans and is allocated its proportionate share of expenses associated with these plans. Additionally, Duke Energy Ohio has been allocated accrued pension and other post-retirement benefit obligations as shown in the following table:

	December 31, 2011	December 31, 2010
	(in millions)	
Other current liabilities	\$ 4	\$ 4
Accrued pension and other post-retirement benefit costs	166	207
Total allocated accrued pension and other post-retirement benefit obligations	\$ 170	\$ 211

Other Related Party Amounts

	For the Years ended December 31,		
	2011	2010	2009
	(in millions)		
Corporate governance and shared service expenses ^(a)	\$ 401	\$ 369	\$ 401
Indemnification coverages ^(b)	17	19	17
Rental income and other charged expenses, net ^(c)	(3)	5	5
CRC interest income ^(d)	13	15	15

- (a) Duke Energy Ohio is charged its proportionate share of corporate governance and other costs by an unconsolidated affiliate that is a consolidated affiliate of Duke Energy. Corporate governance and other shared services costs are primarily related to human resources, employee benefits, legal and accounting fees, as well as other third party costs. These amounts are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations.
- (b) Duke Energy Ohio incurs expenses related to certain indemnification coverages through Bison, Duke Energy's wholly-owned captive insurance subsidiary. These expenses are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations.
- (c) Duke Energy Ohio records income associated with the rental of office space to a consolidated affiliate of Duke Energy, as well as its proportionate share of certain charged expenses from affiliates of Duke Energy.
- (d) As discussed in Note 17, certain trade receivables have been sold by Duke Energy Ohio to CRC, an unconsolidated entity formed by a subsidiary of 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. The interest income associated with the subordinated note is recorded in Other Income and Expenses, net on the Consolidated Statements of Operations.

As discussed further in Note 6, Duke Energy Ohio participates in a money pool arrangement with Duke Energy and other Duke Energy subsidiaries. Interest income associated with money pool activity, which is recorded in Other Income and Expenses, net on the Consolidated Statements of Operations, was \$1 million for the years ended December 31, 2011 and 2010, and insignificant for the year ended December 31, 2009. Interest expense associated with money pool activity, which is recorded in Interest Expense on the Consolidated Statements of Operations, was insignificant for each of the years ended December 31, 2011, 2010 and 2009.

Duke Energy Commercial Asset Management (DECAM) is a non-regulated, direct subsidiary of Duke Energy Ohio. DECAM conducts business activities including the execution of commodity transactions and executing third party vendor and supply contracts as well as service contracts for certain of Duke Energy's non-regulated entities. The commodity contracts that DECAM enters either do not qualify as hedges or have not been designated as hedges (hereinafter referred to as undersigned contracts), thus the mark-to-market impacts of these contracts are reflected in Duke Energy Ohio's Consolidated Statements of Operations. In addition, equal and offsetting mark-to-market impacts of intercompany contracts with non-regulated entities are reflected in Duke Energy Ohio's Consolidated Statements of Operations representing the pass through of the economics of the original contracts to non-regulated entities in accordance with contractual arrangements between Duke Energy Ohio and non-regulated entities. See Note 14 for additional information. Because it is not a rated entity, DECAM receives its credit support from Duke Energy or its non-regulated subsidiaries and not the regulated utility operations of Duke Energy Ohio. DECAM meets its funding needs through an intercompany loan agreement from a subsidiary of Duke Energy. The intercompany loan agreement was executed in February 2011. An additional intercompany loan agreement was executed in October 2011 so that DECAM can also loan money to the subsidiary of Duke Energy. DECAM had no outstanding intercompany loan payable with the subsidiary of Duke Energy as of December 31, 2011. DECAM had a \$90 million intercompany loan receivable with the subsidiary of Duke Energy as of December 31, 2011.

In January 2012, Duke Energy Vermillion, an indirect wholly-owned subsidiary of Duke Energy Ohio, sold its 75% undivided ownership interest in Vermillion Generating Station to Duke Energy Indiana and WVPA. Refer to Notes 2 and 5 for further discussion.

During the years ended December 31, 2011 and 2009, Duke Energy Ohio paid dividends to its parent, Cinergy of \$485 million and \$360 million, respectively.

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Duke Energy Indiana

Duke Energy Indiana engages in related party transactions, which are generally performed at cost and in accordance with the applicable state and federal commission regulations. Balances due to or due from related parties included in the Consolidated Balance Sheets are as follows:

Assets/(Liabilities)

	December 31, 2011 ^(a)	December 31, 2010 ^(a)
	(in millions)	
Current assets ^(b)	\$ 18	\$ 51
Non-current assets ^(c)	2	—
Current liabilities ^(d)	(97)	(69)
Non-current liabilities ^(e)	(22)	(20)
Net deferred tax liabilities ^(f)	(914)	(932)

- (a) Balances exclude assets or liabilities associated with accrued pension and other post-retirement benefits, CRC and money pool arrangements as discussed below.
- (b) The balance at December 31, 2011, is classified as Receivables on the Consolidated Balance Sheets. Of the balance at December 31, 2010, \$27 million is classified as Receivables and \$24 million is classified as Other within Current Assets on the Consolidated Balance Sheets.
- (c) The balance at December 31, 2011 is classified as Other within Investments and Other Assets on the Consolidated Balance Sheets.
- (d) Of the balance at December 31, 2011, \$(72) million is classified as Accounts payable and \$(25) million is classified as Taxes accrued on the Consolidated Balance Sheets. Of the balance at December 31, 2010 \$(67) million is classified as Accounts payable and \$(2) million is classified as Taxes accrued on the Consolidated Balance Sheets.
- (e) The balances at December 31, 2011 and 2010, are classified as Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.
- (f) Of the balance at December 31, 2011, \$(927) million is classified as Deferred income taxes and \$13 million is classified as Other within Current Assets on the Consolidated Balance Sheets. Of the balance at December 31, 2010, \$(973) million is classified as Deferred income taxes and \$41 million is classified as Other within Current Assets on the Consolidated Balance Sheets.

As discussed further in Note 21, Duke Energy Indiana participates in Duke Energy's qualified pension plan, non-qualified pension plan and other post-retirement benefit plans and is allocated its proportionate share of expenses associated with these plans. Additionally, Duke Energy Indiana has been allocated accrued pension and other post-retirement benefit obligations as shown in the following table:

	December 31, 2011	December 31, 2010
	(in millions)	
Other current liabilities	\$ 2	\$ 2
Accrued pension and other post-retirement benefit costs	231	270
Total allocated accrued pension and other post-retirement benefit obligations	\$ 233	\$ 272

Other Related Party Amounts

	For the Years Ended December 31,		
	2011	2010	2009
	(in millions)		
Corporate governance and shared service expenses ^(a)	\$ 415	\$ 364	\$ 343
Indemnification coverages ^(b)	7	8	10
Rental income and other charged expenses, net ^(c)	1	8	12
CRC interest income	14	13	12

- (a) Duke Energy Indiana is charged its proportionate share of corporate governance and other costs by an unconsolidated affiliate that is a consolidated affiliate of Duke Energy. Corporate governance and other shared services costs are primarily related to human resources, employee benefits, legal and accounting fees, as well as other third party costs. These amounts are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations.
- (b) Duke Energy Indiana incurs expenses related to certain indemnification coverages through Bison, Duke Energy's wholly-owned captive insurance subsidiary. These expenses are recorded in Operation, Maintenance and Other within Operating Expenses on the Consolidated Statements of Operations.
- (c) Duke Energy Indiana records income associated with the rental of office space to a consolidated affiliate of Duke Energy, as well as its proportionate share of certain charged expenses from affiliates of Duke Energy.
- (d) As discussed in Note 11, certain trade receivables have been sold by Duke Energy Indiana to CRC, an unconsolidated entity formed by a subsidiary of 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. The interest income associated with the subordinated note is recorded in Other Income and Expenses, net on the Consolidated Statements of Operations.

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As discussed further in Note 6, Duke Energy Indiana participates in a money pool arrangement with Duke Energy and other Duke Energy subsidiaries. Interest income associated with money pool activity, which is recorded in Other Income and Expenses, net on the Consolidated Statements of Operations, was insignificant for the years ended December 31, 2011 and 2010 and \$1 million for the year ended December 31, 2009. Interest expense associated with money pool activity, which is recorded in Interest Expense on the Consolidated Statements of Operations, was \$1 million for the years ended December 31, 2011, 2010 and 2009.

In January 2012, Duke Energy Vermillion, an indirect wholly-owned subsidiary of Duke Energy Ohio, sold its 75% undivided ownership interest in the Vermillion Generating Station to Duke Energy Indiana and WVPA. Refer to Note 2 and 5 for further discussion.

During the year ended December 31, 2010 and 2009, Duke Energy Indiana received \$350 million and \$140 million, respectively, in capital contributions, from its parent, Cinergy.

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14. Risk Management, Derivative Instruments and Hedging Activities

The Duke Energy Registrants closely monitor the risks associated with commodity price changes and changes in interest rates on their operations and, where appropriate, use various commodity and interest rate instruments to manage these risks. Certain of these derivative instruments qualify for hedge accounting and are designated as hedging instruments, while others either do not qualify as hedges or have not been designated as hedges (hereinafter referred to as undesignated contracts). The Duke Energy Registrants' primary use of energy commodity derivatives is to hedge the generation portfolio against exposure to changes in the prices of power and fuel. Interest rate swaps are entered into to manage interest rate risk primarily associated with the Duke Energy Registrants' variable-rate and fixed-rate borrowings.

The accounting guidance for derivatives requires the recognition of all derivative instruments not identified as NPNS as either assets or liabilities at fair value in the Consolidated Balance Sheets. For derivative instruments that qualify for hedge accounting, the Duke Energy Registrants may elect to designate such derivatives as either cash flow hedges or fair value hedges. The Duke Energy Registrants offset fair value amounts recognized on the Consolidated Balance Sheets related to derivative instruments executed with the same counterparty under the same master netting agreement.

The operations of the USFE&G business segment meet the criteria for regulatory accounting treatment. Accordingly, for derivatives designated as cash flow hedges within USFE&G, gains and losses are reflected as a regulatory liability or asset instead of as a component of AOCI. For derivatives designated as fair value hedges or left undesignated within USFE&G, gains and losses associated with the change in fair value of these derivative contracts would be deferred as a regulatory liability or asset, thus having no immediate earnings impact.

Within the Duke Energy Registrants' unregulated businesses, for derivative instruments that qualify for hedge accounting and are designated as cash flow hedges, the effective portion of the gain or loss is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Any gains or losses on the derivative that represent either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. For derivative instruments that qualify and are designated as a fair value hedge, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item are recognized in earnings in the current period. The Duke Energy Registrants' include the gain or loss on the derivative in the same line item as the offsetting loss or gain on the hedged item in the Consolidated Statements of Operations. Additionally, the Duke Energy Registrants' enter into derivative agreements that are economic hedges that either do not qualify for hedge accounting or have not been designated as a hedge. The changes in fair value of these undesignated derivative instruments are reflected in current earnings.

Information presented in the tables below relates to Duke Energy on a consolidated basis and Duke Energy Ohio. As regulatory accounting treatment is applied to substantially all of Duke Energy Carolinas' and Duke Energy Indiana's derivative instruments, and the carrying value of the respective derivative instruments comprise a small portion of Duke Energy's overall balance, separate disclosure for each of those registrants is not presented.

Commodity Price Risk

The Duke Energy Registrants are exposed to the impact of market changes in the future prices of electricity (energy, capacity and financial transmission rights), coal, natural gas and emission allowances (SO₂, seasonal NO_x and annual NO_x) as a result of their energy operations such as electric generation and the transportation and sale of natural gas. With respect to commodity price risks associated with electric generation, the Duke Energy Registrants are exposed to changes including, but not limited to, the cost of the coal and natural gas used to generate electricity, the prices of electricity in wholesale markets, the cost of capacity required to purchase and sell electricity in wholesale markets and the cost of emission allowances primarily at the Duke Energy Registrants' coal fired power plants. Risks associated with commodity price changes on future operations are closely monitored and, where appropriate, various commodity contracts are used to mitigate the effect of such fluctuations on operations. Exposure to commodity price risk is influenced by a number of factors, including, but not limited to, the term of the contract, the liquidity of the market and delivery location.

Commodity Fair Value Hedges. At December 31, 2011, there were no open commodity derivative instruments that were designated as fair value hedges.

Commodity Cash Flow Hedges. At December 31, 2011, there were no open commodity derivative instruments that were designated as cash flow hedges.

Undesignated Contracts. The Duke Energy Registrants use derivative contracts as economic hedges to manage the market risk exposures that arise from providing electric generation and capacity to large energy customers, energy aggregators, retail customers and other wholesale companies. Undesignated contracts may include contracts not designated as a hedge, contracts that do not qualify for hedge accounting, derivatives that do not or no longer qualify for the NPNS scope exception, and de-designated hedge contracts. Undesignated contracts also include contracts associated with operations that Duke Energy continues to wind down or has included as discontinued operations. As these undesignated contracts expire as late as 2021, Duke Energy has entered into economic hedges that leave it minimally exposed to changes in prices over the duration of these contracts.

Duke Energy Carolinas uses derivative contracts as economic hedges to manage the market risk exposures that arise from electricity generation. As of December 31, 2011 Duke Energy Carolinas does not have any undesignated commodity contracts.

Duke Energy Ohio uses derivative contracts as economic hedges to manage the market risk exposures that arise from providing electricity generation and capacity to large energy customers, energy aggregators, retail customers and other wholesale companies. Undesignated contracts at December 31, 2011 are primarily associated with forward sales and purchases of power, coal and emission allowances, for the Commercial Power segment.

Duke Energy Indiana uses derivative contracts as economic hedges to manage the market risk exposures that arise from electric generation. Undesignated contracts at December 31, 2011 are primarily associated with forward purchases and sales of power, forward purchases of natural gas and financial transmission rights.

Interest Rate Risk

The Duke Energy Registrants are exposed to risk resulting from changes in interest rates as a result of their issuance or anticipated issuance of variable and fixed-rate debt and commercial paper. Interest rate exposure is managed by limiting variable-rate exposures to a percentage of total debt and by monitoring the effects of market changes in interest rates. To manage risk associated with changes in interest rates, the Duke Energy Registrants may enter into financial contracts; primarily interest rate swaps and U.S. Treasury lock agreements. Additionally, in anticipation of certain fixed-rate debt issuances, a series of forward starting interest rate swaps may be executed to lock in components of the market interest rates at the time and terminated prior to or upon the issuance of the corresponding debt. When these transactions occur within a business that meets the criteria for regulatory accounting treatment, these contracts may be treated as undesignated and any pre-tax gain or loss recognized from inception to termination of the hedges would be

recorded as a regulatory liability or asset and amortized as a component of interest expense over the life of the debt. Alternatively, these derivatives may be designated as hedges whereby, any pre-tax gain or loss recognized from inception to termination of the hedges would be recorded in AOCI and amortized as a component of interest expense over the life of the debt.

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The following table shows the notional amounts for derivatives related to interest rate risk at December 31, 2011 and December 31, 2010.

Notional Amounts of Derivative Instruments Related to Interest Rate Risk

	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
		(in millions)		
Cash Flow Hedges ^(a)	\$ 841	\$ —	\$ —	\$ —
Undesignated Contracts	247	—	27	200
Fair Value Hedges	275	25	250	—
Total Notional Amount at December 31, 2011	\$ 1,363	\$ 25	\$ 277	\$ 200

	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>
		(in millions)	
Cash Flow Hedges ^(a)	\$ 492	\$ —	\$ —
Undesignated Contracts	561	500	27
Fair Value Hedges	275	25	250
Total Notional Amount at December 31, 2010	\$ 1,328	\$ 525	\$ 277

(a) Includes amounts related to non-recourse variable rate long-term debt of VIEs of \$466 million at December 31, 2011 and \$492 million at December 31, 2010.

Volumes

The following tables show information relating to the volume of Duke Energy and Duke Energy Ohio's commodity derivative activity outstanding as of December 31, 2011 and December 31, 2010. Amounts disclosed represent the notional volumes of commodities contracts accounted for at fair value. For option contracts, notional amounts include only the delta-equivalent volumes which represent the notional volumes times the probability of exercising the option based on current price volatility. Volumes associated with contracts qualifying for the NPNS exception have been excluded from the table below. Amounts disclosed represent the absolute value of notional amounts. Duke Energy and Duke Energy Ohio have netted contractual amounts where offsetting purchase and sale contracts exist with identical delivery locations and times of delivery. Where all commodity positions are perfectly offset, no quantities are shown below. For additional information on notional dollar amounts of debt subject to derivative contracts accounted for at fair value, see "Interest Rate Risk" section above.

Underlying Notional Amounts for Derivative Instruments Accounted for At Fair Value

	<u>December 31, 2011</u>	<u>December 31, 2010</u>
Duke Energy		
Electricity-energy (Gigawatt-hours)	14,118	8,200
Electricity-capacity (Gigawatt-months)	—	58
Emission allowances: SO ₂ (thousands of tons)	—	8
Emission allowances: NO _x (thousands of tons)	9	—
Natural gas (millions of decatherms)	40	37
Duke Energy Ohio		
Electricity-energy (Gigawatt-hours) ^(a)	14,655	13,183
Electricity-capacity (Gigawatt-months)	—	60
Emission allowances: NO _x (thousands of tons)	9	—
Natural gas (millions of decatherms)	2	—

(a) Amounts include intercompany positions that eliminate at the consolidated Duke Energy level.

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The following table shows fair value amounts of derivative contracts as of December 31, 2011 and 2010, and the line item(s) in the Consolidated Balance Sheets in which such amounts are included. The fair values of derivative contracts are presented on a gross basis, even when the derivative instruments are subject to master netting arrangements where Duke Energy nets the fair value of derivative contracts subject to master netting arrangements with the same counterparty on the Consolidated Balance Sheets. Cash collateral payables and receivables associated with the derivative contracts have not been netted against the fair value amounts.

Location and Fair Value Amounts of Derivatives Reflected in the Consolidated Balance Sheets Balance Sheet Location

Duke Energy	December 31, 2011		December 31, 2010	
	Asset	Liability	Asset	Liability
	(in millions)			
Derivatives Designated as Hedging Instruments				
Interest rate contracts				
Current Assets: Other	4	—	5	—
Investments and Other Assets: Other	2	—	16	—
Current Liabilities: Other	—	11	—	13
Deferred Credits and Other Liabilities: Other	—	76	—	—
Total Derivatives Designated as Hedging Instruments	\$ 6	\$ 87	\$ 21	\$ 13
Derivatives Not Designated as Hedging Instruments				
<u>Commodity contracts</u>				
Current Assets: Other	\$ 81	\$ 31	\$ 108	\$ 54
Investments and Other Assets: Other	35	17	55	4
Current Liabilities: Other	136	168	75	118
Deferred Credits and Other Liabilities: Other	25	93	3	72
Interest rate contracts				
Investments and Other Assets: Other ^(a)	—	—	60	—
Current Liabilities: Other	—	2	—	2
Deferred Credits and Other Liabilities: Other ^(b)	—	75	—	5
Total Derivatives Not Designated as Hedging Instruments	\$ 277	\$ 386	\$ 301	\$ 255
Total Derivatives	\$ 283	\$ 473	\$ 322	\$ 268

(a) Balance relates to interest rate swaps at Duke Energy Carolinas which receive regulatory accounting treatment.

(b) As of December 31, 2011, includes \$67 million related to interest rate swaps at Duke Energy Indiana which receive regulatory accounting treatment.

Duke Energy Ohio	December 31, 2011		December 31, 2010	
	Asset	Liability	Asset	Liability
	(in millions)			
Derivatives Designated as Hedging Instruments				
Interest rate contracts				
Current Assets: Other	3	—	4	—
Investments and Other Assets: Other	2	—	2	—
Total Derivatives Designated as Hedging Instruments	\$ 5	\$ —	\$ 6	\$ —
Derivatives Not Designated as Hedging Instruments				
<u>Commodity contracts</u>				
Current Assets: Other	\$ 79	\$ 39	\$ 106	\$ 57
Investments and Other Assets: Other	29	18	6	2
Current Liabilities: Other	136	146	75	98
Deferred Credits and Other Liabilities: Other	22	33	3	7
Interest rate contracts				
Current Liabilities: Other	—	1	—	1
Deferred Credits and Other Liabilities: Other	—	8	—	4
Total Derivatives Not Designated as Hedging Instruments	\$ 266	\$ 245	\$ 190	\$ 169
Total Derivatives	\$ 271	\$ 245	\$ 196	\$ 169

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The following table shows the amount of the gains and losses recognized on derivative instruments qualifying and designated as cash flow hedges by type of derivative contract during the years ended December 31, 2011 and 2010, and the Consolidated Statements of Operations line items in which such gains and losses are included.

Cash Flow Hedges—Location and Amount of Pre-Tax Gains and (Losses) Recognized in Comprehensive Income		
	\$0,000	\$0,000
	Year Ended	Year Ended
	December 31,	December 31,
	2011	2010
	(in millions)	
Duke Energy		
Amount of Pre-tax (Losses) Gains Recorded in AOCI		
Interest rate contracts	(88)	2
Total Pre-tax (Losses) Gains Recorded in AOCI	\$ (88)	\$ 2
Location of Pre-tax Gains (Losses) Reclassified from AOCI into Earnings		
<u>Commodity contracts</u>		
Fuel used in electric generation and purchased power—non-regulated	—	2
<u>Interest rate contracts</u>		
Interest expense	(5)	(5)
Total Pre-tax Losses Reclassified from AOCI into Earnings	\$ (5)	\$ (3)
Duke Energy Ohio		
	\$0,000	\$0,000
	Year Ended	Year Ended
	December 31,	December 31,
	2011	2010
	(in millions)	
Location of Pre-tax Gains Reclassified from AOCI into Earnings		
Commodity contracts		
Fuel used in electric generation and purchased power—non-regulated	\$ —	\$ 2
Total Pre-tax Gains Reclassified from AOCI into Earnings	\$ —	\$ 2

There was no hedge ineffectiveness during the years ended December 31, 2011 and 2010, and no gains or losses have been excluded from the assessment of hedge effectiveness during the same periods for all Duke Energy Registrants.

Duke Energy. At December 31, 2011, \$115 million of pre-tax deferred net losses on derivative instruments related to interest rate cash flow hedges remains in AOCI and a \$10 million pre-tax gain is expected to be recognized in earnings during the next 12 months as the hedged transactions occur.

Duke Energy Ohio. At December 31, 2011, there were no deferred gains or losses on derivative instruments related to commodity cash flow hedges remaining in AOCI.

The following table shows the amount of the pre-tax gains and losses recognized on undesignated hedges by type of derivative instrument during the years ended December 31, 2011 and 2010, and the line item(s) in the Consolidated Statements of Operations in which such gains and losses are included or deferred on the Consolidated Balance Sheets as regulatory assets or liabilities.

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Undesignated Hedges—Location and Amount of Pre-Tax Gains and (Losses) Recognized in Income or as Regulatory Assets or Liabilities

Duke Energy	Year Ended December 31,	
	2011	2010
	(in millions)	
Location of Pre-Tax Gains and (Losses) Recognized in Earnings		
Commodity contracts		
Revenue, regulated electric	\$ —	\$ 1
Revenue, non-regulated electric, natural gas and other	(59)	(38)
Fuel used in electric generation and purchased power-non-regulated	(1)	9
Total Pre-tax Losses Recognized in Earnings	\$ (60)	\$ (28)
Location of Pre-Tax Gains and (Losses) Recognized as Regulatory Assets or Liabilities		
Commodity contracts		
Regulatory Asset	\$ (1)	\$ 5
Regulatory Liability	17	14
<u>Interest rate contracts</u>		
Regulatory Asset ^(a)	(165)	(1)
Regulatory Liability ^(b)	(60)	60
Total Pre-tax (Losses) Gains Recognized as Regulatory Assets or Liabilities	\$(209)	\$ 78

(a) Includes losses related to interest rate swaps at Duke Energy Carolinas and Duke Energy Indiana of \$94 million and \$67 million, respectively, during the year ended December 31, 2011.

(b) Amounts relate to interest rate swaps at Duke Energy Carolinas.

Duke Energy Ohio	Year Ended December 31,	
	2011	2010
	(in millions)	
Location of Pre-Tax Gains and (Losses) Recognized in Earnings		
Commodity contracts		
Revenue, non-regulated electric and other	(26)	(3)
Fuel used in electric generation and purchased power-non-regulated	(1)	9
<u>Interest rate contracts</u>		
Interest expense	(1)	(1)
Total Pre-tax (Losses) Gains Recognized in Earnings^(a)	\$ (28)	\$ 5
Location of Pre-Tax Gains and (Losses) Recognized as Regulatory Assets		
<u>Commodity contracts</u>		
Regulatory Asset	\$ 1	\$ 5
<u>Interest rate contracts</u>		
Regulatory Asset	(4)	(1)
Total Pre-tax (Losses) Gains Recognized as Regulatory Assets	\$ (3)	\$ 4

(a) Amounts include intercompany positions that eliminate at the consolidated Duke Energy level.

Credit Risk

The Duke Energy Registrants' principal customers for its electric and gas businesses are commodity clearinghouses, regional transmission organizations, residential, commercial and industrial end-users, marketers, local distribution companies, municipalities, electric cooperatives and utilities located throughout the U.S. and Latin America. The Duke Energy Registrants have concentrations of receivables

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from natural gas and electric utilities and their affiliates, as well as municipalities, electric cooperatives, residential, commercial and industrial customers and marketers throughout these regions. These concentrations of customers may affect the Duke Energy Registrants' overall credit risk in that risk factors can negatively impact the credit quality of the entire sector. Where exposed to credit risk, the Duke Energy Registrants analyze their counterparties' financial condition prior to entering into an agreement, establish credit limits and monitor the appropriateness of those limits on an ongoing basis.

The Duke Energy Registrants' industry has historically operated under negotiated credit lines for physical delivery contracts. The Duke Energy Registrants frequently use master collateral agreements to mitigate certain credit exposures, primarily related to hedging the risks inherent in its generation portfolio. The collateral agreements provide for a counterparty to post cash or letters of credit to the exposed party for exposure in excess of an established threshold. The threshold amount represents an unsecured credit limit, determined in accordance with the corporate credit policy. Collateral agreements also provide that the inability to post collateral is sufficient cause to terminate contracts and liquidate all positions.

The Duke Energy Registrants also obtain cash, letters of credit or surety bonds from customers to provide credit support outside of collateral agreements, where appropriate, based on its financial analysis of the customer and the regulatory or contractual terms and conditions applicable to each transaction.

For regulated customers, commission rules restrict the ability to require collateral and minimize exposure through the disconnection of service.

Certain of Duke Energy and Duke Energy Ohio's derivative contracts contain contingent credit features, such as material adverse change clauses or payment acceleration clauses that could result in immediate payments, the posting of letters of credit or the termination of the derivative contract before maturity if specific events occur, such as a downgrade of Duke Energy or Duke Energy Ohio's credit rating below investment grade.

The following table shows information with respect to derivative contracts that are in a net liability position and contain objective credit-risk related payment provisions. The amounts disclosed in the table below represents the aggregate fair value amounts of such derivative instruments at the end of the reporting period, the aggregate fair value of assets that are already posted as collateral under such derivative instruments at the end of the reporting period, and the aggregate fair value of additional assets that would be required to be transferred in the event that credit-risk-related contingent features were triggered at December 31, 2011.

Information Regarding Derivative Instruments that Contain Credit-risk Related Contingent Features

	December 31, 2011	December 31, 2010
	(in millions)	
Duke Energy		
Aggregate Fair Value Amounts of Derivative Instruments in a Net Liability Position	\$ 96	\$ 148
Collateral Already Posted	36	2
Additional Cash Collateral or Letters of Credit in the Event Credit-risk-related Contingent Features were Triggered at the End of the Reporting Period	5	14
Duke Energy Ohio		
	(in millions)	
Aggregate Fair Value Amounts of Derivative Instruments in a Net Liability Position	\$ 94	\$ 147
Collateral Already Posted	35	2
Additional Cash Collateral or Letters of Credit in the Event Credit-risk-related Contingent Features were Triggered at the End of the Reporting Period	5	14

Netting of Cash Collateral and Derivative Assets and Liabilities Under Master Netting Arrangements. In accordance with applicable accounting rules, Duke Energy and Duke Energy Ohio have elected to offset fair value amounts (or amounts that approximate fair value) recognized on their Consolidated Balance Sheets related to cash collateral amounts receivable or payable against fair value amounts recognized for derivative instruments executed with the same counterparty under the same master netting agreement. The amounts disclosed in the table below represent the receivables related to the right to reclaim cash collateral and payables related to the obligation to return cash collateral under master netting arrangements as of December 31, 2011 and December 31, 2010. See Note 15 for additional information on fair value disclosures related to derivatives.

Information Regarding Cash Collateral under Master Netting Arrangements

	December 31, 2011		December 31, 2010	
	(in millions)		(in millions)	
Duke Energy	<u>Receivables</u>	<u>Payables</u>	<u>Receivables</u>	<u>Payables</u>
Amounts offset against net derivative positions on the Consolidated Balance Sheets	\$ 10	—	\$ 2	—
Amounts not offset against net derivative positions on the Consolidated Balance Sheets	30	—	2	3

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	December 31, 2011		December 31, 2010	
	(in millions)		(in millions)	
	Receivables	Payables	Receivables	Payables
Duke Energy Ohio				
Amounts offset against net derivative positions on the Consolidated Balance Sheets	\$ 9	—	\$ 2	—
Amounts not offset against net derivative positions on the Consolidated Balance Sheets ^(a)	28	\$ —	—	3

(a) Amounts primarily represent margin deposits related to futures contracts.

15. Fair Value of Financial Assets and Liabilities

Under current accounting guidance, 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 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.

The Duke Energy Registrants classify recurring and non-recurring fair value measurements based on the following fair value hierarchy, as prescribed by current accounting guidance, 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 occur 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 fair value accounting guidance for financial instruments permits entities to elect to measure many financial instruments and certain other items at fair value that are not required to be accounted for at fair value under other GAAP. There are no financial assets or financial liabilities that are not required to be accounted for at fair value under GAAP for which the option to record at fair value has been elected. However, in the future, the Duke Energy Registrants may elect to measure certain financial instruments at fair value in accordance with this accounting guidance.

Valuation methods of the primary fair value measurements disclosed below 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 period. 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. Prices have not been adjusted to reflect for after-hours market activity. The majority of investments in equity securities are valued using Level 1 measurements.

Investments in available-for-sale auction rate securities. Duke Energy held \$89 million par value (\$71 million carrying value) and \$149 million par value (\$118 million carrying value) as of December 31, 2011, and December 31, 2010, respectively of auction rate securities for which an active market does not currently exist. During the year ended December 31, 2011, \$59 million of these investments in auction rate securities were redeemed at full par value plus accrued interest. Duke Energy Carolinas held \$16 million par value (\$12 million carrying value) of auction rate securities at both December 31, 2011, and December 31, 2010. All of these auction rate securities are student loan securities for which substantially all the values are ultimately backed by the U.S. government, and the majority of these securities are AAA rated. As of December 31, 2011 all of these auction rate securities are classified as long-term investments and are valued using Level 3 measurements. The methods and significant assumptions used to determine the fair values of the investment in auction rate debt securities represent estimations of fair value using internal discounted cash flow models which incorporate primarily management's own assumptions as to the term over which such investments will be recovered at par, the current level of interest rates, and the appropriate risk-adjusted discount rates when relevant observable inputs are not available to determine the present value of such cash flows. In preparing the valuations, all significant value drivers were considered, including the underlying collateral. Auction rate securities which are classified as Short-term investments are valued using Level 2 measurements, as they are valued at par based on a commitment by the issuer to redeem at par value. There were no auction rate securities classified as Short-term investments as of December 31, 2011 or December 31, 2010.

There were no other-than-temporary impairments associated with investments in auction rate debt securities during the years ended December 31, 2011, 2010, or 2009.

Investments in debt securities. Most debt investments (including those held in the NDTF) 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 measurements. If the market for a particular fixed income security is relatively inactive or illiquid, the valuation is a Level 3 measurement. U.S. Treasury debt is typically a Level 1 measurement.

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Commodity derivatives. The pricing for commodity derivatives is primarily a calculated value which incorporates the forward price and is adjusted for liquidity (bid ask spread), credit or non-performance risk (after reflecting credit enhancements such as collateral) and discounted to present value. The primary difference between a Level 2 and a Level 3 measurement has to do with the level of activity in forward markets for the commodity. If the market is relatively inactive, the measurement is deemed to be a Level 3 measurement. Some commodity derivatives are NYMEX contracts, which are classified as Level 1 measurements.

Goodwill and Long-Lived Assets. See Note 12 for a discussion of the valuation for goodwill and long-lived assets.

Duke Energy

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy's Consolidated Balance Sheets at fair value at December 31, 2011 and 2010. Derivative amounts in the table below exclude cash collateral amounts which are disclosed in Note 14.

	December 31, Total Fair Value Amounts at December 31, 2011	December 31, Level 1 (in millions)	December 31, Level 2 (in millions)	December 31, Level 3 (in millions)
Description				
Investments in available-for-sale auction rate securities ^(a)	\$ 71	\$ —	\$ —	\$ 71
Nuclear decommissioning trust fund equity securities	1,337	1,285	46	6
Nuclear decommissioning trust fund debt securities	723	109	567	47
Other long-term trading and available-for-sale equity securities ^(b)	68	61	7	—
Other trading and available-for-sale debt securities ^(c)	382	22	360	—
Derivative assets ^(b)	74	43	6	25
Total Assets	\$ 2,655	\$ 1,520	\$ 986	\$ 149
Derivative liabilities ^(d)	(264)	(36)	(164)	(64)
Net Assets	\$ 2,391	\$ 1,484	\$ 822	\$ 85

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.

(b) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.

(c) Included in Other within Investments and Other Assets and Short-term Investments on the Consolidated Balance Sheets.

(d) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

	December 31, Total Fair Value Amounts at December 31, 2010	December 31, Level 1 (in millions)	December 31, Level 2 (in millions)	December 31, Level 3 (in millions)
Description				
Investments in available-for-sale auction rate securities ^(a)	\$ 118	\$ —	\$ —	\$ 118
Nuclear decommissioning trust fund equity securities	1,365	1,313	46	6
Nuclear decommissioning trust fund debt securities	649	35	573	41
Other long-term trading and available-for-sale equity securities ^(a)	164	157	7	—
Other long-term trading and available-for-sale debt securities ^(b)	221	10	211	—
Derivative assets ^(b)	186	21	81	84
Total Assets	\$ 2,703	\$ 1,536	\$ 918	\$ 249
Derivative liabilities ^(c)	(132)	(8)	(21)	(103)
Net Assets	\$ 2,571	\$ 1,528	\$ 897	\$ 146

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.

(b) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.

(c) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

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The following table provides a reconciliation of beginning and ending balances of assets and liabilities measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3):

Rollforward of Level 3 Measurements

	Available-for- Sale Auction Rate Securities	Available-for- Sale NDTF Investments	Available-for- Derivatives (net)	Available-for- Total
Year Ended December 31, 2011				
Balance at January 1, 2011	\$ 118	\$ 47	\$ (19)	\$ 146
Total pre-tax realized and unrealized gains (losses) included in earnings:				
Revenue, regulated electric ^(a)	—	—	13	13
Revenue, non-regulated electric, natural gas, and other	—	—	(27)	(27)
Total pre-tax gains included in other comprehensive income				
Gains on available for sale securities and other	12	—	—	12
Net purchases, sales, issuances and settlements				
Purchases	—	8	8	16
Sales	—	(3)	—	(3)
Settlements	(16)	—	(16)	(32)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	—	1	2	3
Transfers out of Level 3	(43)	—	—	(43)
Balance at December 31, 2011	\$ 71	\$ 53	\$ (39)	\$ 85
(a) Derivative amounts relate to financial transmission rights				
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2011:				
Revenue, non-regulated electric, natural gas, and other	—	—	(20)	(20)
Total	\$ —	\$ —	\$ (20)	\$ (20)
Year Ended December 31, 2010				
Balance at January 1, 2010	\$ 198	\$ —	\$ 25	\$ 223
Total pre-tax realized and unrealized losses included in earnings:				
Revenue, non-regulated electric, natural gas, and other	—	—	(45)	(45)
Fuel used in electric generation and purchased power—non-regulated	—	—	(13)	(13)
Total pre-tax gains (losses) included in other comprehensive income:				
Gains on available for sale securities and other	22	—	—	22
Losses on commodity cash flow hedges	—	—	(1)	(1)
Net purchases, sales, issuances and settlements	(102)	45	(3)	(60)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	—	2	18	20
Balance at December 31, 2010	\$ 118	\$ 47	\$ (19)	\$ 146
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2010:				
Revenue, non-regulated electric, natural gas, and other	\$ —	\$ —	\$ 1	\$ 1
Total	\$ —	\$ —	\$ 1	\$ 1

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	Available-for- Available-for- Sale Auction Rate Securities	Available-for- Available-for- Sale NDTF Investments	Available-for- Derivatives (net)	Available-for- Total
Year Ended December 31, 2009				
Balance at January 1, 2009	\$ 224	\$ —	\$ 34	\$ 258
Total pre-tax realized or unrealized (losses) gains included in earnings:				
Revenue, non-regulated electric, natural gas, and other	—	—	(5)	(5)
Fuel used in electric generation and purchased power-non-regulated	—	—	16	16
Total pre-tax (losses) gains included in other comprehensive income:				
Losses on available for sale securities and other	(10)	—	—	(10)
Gains on commodity cash flow hedges	—	—	1	1
Net purchases, sales, issuances and settlements	(16)	—	(7)	(23)
Total losses included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	—	—	(14)	(14)
Balance at December 31, 2009	\$ 198	\$ —	\$ 25	\$ 223
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2009:				
Revenue, non-regulated electric, natural gas, and other	\$ —	\$ —	\$ (14)	\$ (14)
Fuel used in electric generation and purchased power-non-regulated	—	—	(12)	(12)
Total	\$ —	\$ —	\$ (26)	\$ (26)

Duke Energy Carolinas

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy Carolinas' Consolidated Balance Sheets at fair value at December 31, 2011 and December 31, 2010. Amounts presented in the tables below exclude cash collateral amounts.

	Total Fair Value Amounts at December 31, 2011	Level 1 (in millions)	Level 2	Level 3
Description				
Investments in available-for-sale auction rate securities ^(a)	\$ 12	\$ —	\$ —	\$ 12
Nuclear decommissioning trust fund equity securities	1,337	1,285	46	6
Nuclear decommissioning trust fund debt securities	723	109	567	47
Derivative assets ^(b)	1	—	1	—
Total assets	\$ 2,073	\$1,394	\$ 614	\$ 65

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.

(b) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.

<u>Description</u>	<u>Total Fair Value Amounts at December 31, 2010</u>	<u>Level 1</u> (in millions)	<u>Level 2</u>	<u>Level 3</u>
Investments in available-for-sale auction rate securities ^(a)	\$ 12	\$ —	\$ —	\$ 12
Nuclear decommissioning trust fund equity securities	1,365	1,313	46	6
Nuclear decommissioning trust fund debt securities	649	35	573	41
Derivative assets ^(b)	62	1	61	—
Total assets	2,088	1,349	680	59
Derivative liabilities ^(c)	(1)	(1)	—	—
Net assets	\$ 2,087	\$ 1,348	\$ 680	\$ 59

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.

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- (b) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.
(c) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

The following table provides a reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3):

Rollforward of Level 3 Measurements

	Available-for-Sale Auction Rate Securities	Available-for-Sale NDTF Investments (in millions)	Total
Year Ended December 31, 2011			
Balance at January 1, 2011	\$ 12	\$ 47	\$ 59
Net purchases, sales, issuances and settlements:			
Purchases	—	8	8
Sales	—	(3)	(3)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability	—	1	1
Balance at December 31, 2011	\$ 12	\$ 53	\$ 65
	Available-for-Sale Auction Rate Securities	Available-for-Sale NDTF Investments (in millions)	Total
Year Ended December 31, 2010			
Balance at January 1, 2010	\$ 66	\$ —	\$ 66
Total pre-tax gains included in other comprehensive income:			
Gains on available for sale securities and other	12	—	12
Net purchases, sales, issuances and settlements	(66)	45	(21)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability	—	2	2
Balance at December 31, 2010	\$ 12	\$ 47	\$ 59
		Available-for-Sale Auction Rate Securities (in millions)	
Year Ended December 31, 2009			
Balance at January 1, 2009		\$ 72	
Total pre-tax unrealized losses included in Other Comprehensive income:			
Losses on available for sale securities and other			(6)
Balance at December 31, 2009		\$ 66	

Duke Energy Ohio

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy Ohio's Consolidated Balance Sheets at fair value at December 31, 2011 and December 31, 2010. Amounts presented in the tables below exclude cash collateral amounts which are disclosed separately in Note 14.

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Combined Notes To Consolidated Financial Statements -- (Continued)

Description	Total Fair Value Amounts at December 31, 2011	Level 1	Level 2	Level 3
		(in millions)		
Derivative assets ^(a)	\$ 56	\$ 42	\$ 5	\$ 9
Derivative liabilities ^(b)	(30)	(10)	(8)	(12)
Net Assets	\$ 26	\$ 32	\$ (3)	\$ (3)

(a) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.

(b) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

Description	Total Fair Value Amounts at December 31, 2010	Level 1	Level 2	Level 3
		(in millions)		
Derivative assets ^(a)	\$ 59	\$ 20	\$ 6	\$ 33
Derivative liabilities ^(b)	(32)	(7)	(5)	(20)
Net (Liabilities) Assets	\$ 27	\$ 13	\$ 1	\$ 13

(a) Included in Other within Current Assets and Other within Investments and Other Assets on the Consolidated Balance Sheets.

(b) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

The following table provides a reconciliation of beginning and ending balances of assets measured at fair value on a recurring basis where the determination of fair value includes significant unobservable inputs (Level 3):

Rollforward of Level 3 Measurements

	Derivatives (net)
Year Ended December 31, 2011	
Balance at January 1, 2011	\$ 13
Total pre-tax realized and unrealized losses included in earnings:	
Revenue, non-regulated electric and other	(4)
Net purchases, sales, issuances and settlements:	
Settlements	(14)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	2
Balance at December 31, 2011	\$ (3)
There were insignificant amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2011.	
Year Ended December 31, 2010	
Balance at January 1, 2010	\$ 7
Total pre-tax realized and unrealized gains (losses) included in earnings:	
Revenue, non-regulated electric and other	8
Fuel used in electric generation and purchased power-non-regulated	(12)
Total pre-tax losses included in other comprehensive income:	
Losses on commodity cash flow hedges	(1)
Net purchases, sales, issuances and settlements	8
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	3
Balance at December 31, 2010	\$ 13

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	Derivatives (net)
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2010:	
Revenue, non-regulated electric and other	\$ 17
Total	\$ 17
Year Ended December 31, 2009	
Balance at January 1, 2009	\$ 8
Total pre-tax realized and unrealized (losses) gains included in earnings:	
Revenue, non-regulated electric and other	(6)
Fuel used in electric generation and purchased power-non-regulated	16
Total pre-tax gains included in other comprehensive income:	
Gains on commodity cash flow hedges	1
Net purchases, sales, issuances and settlements	6
Total losses included on the Consolidated Balance Sheet as regulatory asset or liability or as non-current liability	(18)
Balance at December 31, 2009	\$ 7
Pre-tax amounts included in the Consolidated Statements of Operations related to Level 3 measurements outstanding at December 31, 2009:	
Fuel used in electric generation and purchased power-non-regulated	(12)
Total	\$ (12)

Duke Energy Indiana

The following tables provide the fair value measurement amounts for assets and liabilities recorded on Duke Energy Indiana's Consolidated Balance Sheets at fair value at December 31, 2011 and December 31, 2010. Amounts presented in the tables below exclude cash collateral amounts.

	Total Fair Value Amounts at December 31, 2011	Level 1 (in millions)	Level 2	Level 3
Description				
Available-for-sale equity securities ^(a)	\$ 46	\$ 46	\$ —	\$ —
Available-for-sale debt securities ^(a)	28	—	28	—
Derivative assets	4	—	—	4
Total Assets ^(c)	78	46	28	4
Derivative liabilities	(69)	(1)	(68)	—
Net Assets	\$ 9	\$ 45	\$ (40)	\$ 4

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.

(b) Included in Other within Current Assets on the Consolidated Balance Sheets.

(c) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

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Combined Notes To Consolidated Financial Statements – (Continued)

Description	Total Fair Value Amounts at December 31, 2010	Level 1 (in millions)	Level 2	Level 3
Available-for-sale equity securities ^(a)	\$ 47	\$ 47	\$ —	\$ —
Available-for-sale debt securities ^(a)	26	—	26	—
Derivative assets	4	—	—	4
Total Assets	77	47	26	4
Derivative liabilities ^(c)	(2)	—	(2)	—
Net Assets	\$ 75	\$ 47	\$ 24	\$ 4

(a) Included in Other within Investments and Other Assets on the Consolidated Balance Sheets.

(b) Included in Other within Current Assets on the Consolidated Balance Sheets.

(c) Included in Other within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

Rollforward of Level 3 measurements

	Derivatives (net) (in millions)
Year Ended December 31, 2011	
Balance at January 1, 2011	\$ 4
Total pre-tax realized or unrealized gains included in earnings:	
Revenue, regulated electric	14
Net purchases, sales, issuances and settlements:	
Purchases	8
Settlements	(21)
Total losses included on the Consolidated Balance Sheet as regulatory asset or liability or as current or non-current liability	(1)
Balance at December 31, 2011	\$ 4
Year Ended December 31, 2010	
Balance at January 1, 2010	\$ 4
Net purchases, sales, issuances and settlements	(15)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as current or non-current liability	15
Balance at December 31, 2010	\$ 4
Year Ended December 31, 2009	
Balance at January 1, 2009	\$ 10
Net purchases, sales, issuances and settlements	(9)
Total gains included on the Consolidated Balance Sheet as regulatory asset or liability or as current or non-current liability	3
Balance at December 31, 2009	\$ 4

Additional Fair Value Disclosures—Long-term debt: The fair value of financial instruments, excluding financial assets and certain financial liabilities included in the scope of the accounting guidance for fair value measurements disclosed in the tables above, is summarized in the following table. Judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates determined as of December 31, 2011 and 2010 are not necessarily indicative of the amounts the Duke Energy Registrants could have settled in current markets.

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DUKE ENERGY INDIANA, INC.
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As of December 31, 2011								
	<u>Duke Energy</u>		<u>Duke Energy Carolinas</u>		<u>Duke Energy Ohio</u>		<u>Duke Energy Indiana</u>	
	<u>Book Value(a)</u>	<u>Approximate Fair Value</u>	<u>Book Value(a)</u>	<u>Approximate Fair Value</u>	<u>Book Value</u>	<u>Approximate Fair Value</u>	<u>Book Value</u>	<u>Approximate Fair Value</u>
Long-term debt, including current maturities	\$20,573	\$ 23,053	\$ 9,274	\$ 10,629	\$2,555	\$ 2,688	\$ 3,459	\$ 4,048
(in millions)								
(a) Includes Non-recourse long-term debt of variable interest entities of \$949 million for Duke Energy and \$300 million for Duke Energy Carolinas.								

As of December 31, 2010								
	<u>Duke Energy</u>		<u>Duke Energy Carolinas</u>		<u>Duke Energy Ohio</u>		<u>Duke Energy Indiana</u>	
	<u>Book Value</u>	<u>Approximate Fair Value</u>	<u>Book Value</u>	<u>Approximate Fair Value</u>	<u>Book Value</u>	<u>Approximate Fair Value</u>	<u>Book Value</u>	<u>Approximate Fair Value</u>
Long-term debt, including current maturities ^(a)	\$18,210	\$ 19,484	\$7,770	\$ 8,376	\$2,564	\$ 2,614	\$ 3,472	\$ 3,746
(in millions)								
a) Includes Non-recourse long-term debt of variable interest entities of \$976 million for Duke Energy and \$300 million for Duke Energy Carolinas.								

At both December 31, 2011 and December 31, 2010, the fair value of cash and cash equivalents, accounts and notes receivable, accounts and notes payable and commercial paper, as well as restricted funds held in trust at Duke Energy Ohio, are not materially different from their carrying amounts because of the short-term nature of these instruments and/or because the stated rates approximate market rates.

See Note 21 for disclosure of fair value measurements for investments that support Duke Energy's qualified, non-qualified and other post-retirement benefit plans.

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Combined Notes To Consolidated Financial Statements – (Continued)

16. Investments in Debt and Equity Securities

The Duke Energy Registrants classify their investments in debt and equity securities into two categories – trading and available-for-sale. Investments in debt and equity securities held in grantor trusts associated with certain deferred compensation plans and certain other investments are classified as trading securities and are reported at fair value in the Consolidated Balance Sheets with net realized and unrealized gains and losses included in earnings each period. All other investments in debt and equity securities are classified as available-for-sale securities, which are also reported at fair value on the Consolidated Balance Sheets with unrealized gains and losses excluded from earnings and reported either as a regulatory asset or liability, as discussed further below, or as a component of other comprehensive income until realized.

Trading Securities. Duke Energy holds investments in debt and equity securities in grantor trusts that are associated with certain deferred compensation plans. At December 31, 2011 and 2010, the fair value of these investments was \$32 million and \$29 million, respectively. Additionally, at December 31, 2010 Duke Energy held Windstream Corp. equity securities, which were received as proceeds from the sale of Duke Energy's equity investment in Q-Comm during the fourth quarter of 2010 (see Note 2). The fair value of these securities at December 31, 2010 was \$87 million. Duke Energy subsequently sold these securities in the first quarter of 2011. Proceeds received from the sale of Windstream equity securities are reflected in Net proceeds from the sale of equity investments and other assets, and sales of and collections on notes receivable in the Duke Energy Consolidated Statement of Cash Flows.

Available for Sale Securities. Duke Energy's available-for-sale securities are primarily comprised of investments held in the NDTF at Duke Energy Carolinas, investments in a grantor trust at Duke Energy Indiana related to other post-retirement benefit plans as required by the IURC, Duke Energy captive insurance investment portfolio, Duke Energy foreign operations investment portfolio, and investments of Duke Energy and Duke Energy Carolinas in auction rate debt securities.

The investments within the Duke Energy Carolinas NDTF and the Duke Energy Indiana grantor trust are managed by independent investment managers with discretion to buy, sell and invest pursuant to the objectives set forth by the trust agreements. Therefore, Duke Energy Carolinas and Duke Energy Indiana have limited oversight of the day-to-day management of these investments. Since day-to-day investment decisions, including buy and sell decisions, are made by the investment manager, the ability to hold investments in unrealized loss positions is outside the control of Duke Energy Carolinas and Duke Energy Indiana. Accordingly, all unrealized losses associated with equity securities within the Duke Energy Carolinas NDTF and the Duke Energy Indiana grantor trust are considered other-than-temporary and are recognized immediately when the fair value of individual investments is less than the cost basis of the investment. Pursuant to regulatory accounting, substantially all unrealized losses associated with investments in debt and equity securities within the Duke Energy Carolinas NDTF or the Duke Energy Indiana grantor trust are deferred as a regulatory asset, thus there is no immediate impact on the earnings of Duke Energy Carolinas and Duke Energy Indiana as a result of any other-than-temporary impairments that would otherwise be required to be recognized in earnings.

For investments in debt and equity securities held in the captive insurance investment portfolio and investments in auction rate debt securities, unrealized gains and losses are included in other comprehensive income until realized, unless it is determined that the carrying value of an investment is other-than-temporarily impaired, at which time the write-down to fair value may be included in earnings based on the criteria discussed below.

For available-for-sale securities outside of the Duke Energy Carolinas NDTF and the Duke Energy Indiana grantor trust, which are discussed separately above, Duke Energy analyzes all investment holdings each reporting period to determine whether a decline in fair value should be considered other-than-temporary. Criteria used to evaluate whether an impairment associated with equity securities is other-than-temporary includes, but is not limited to, the length of time over which the market value has been lower than the cost basis of the investment, the percentage decline compared to the cost of the investment and management's intent and ability to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in market value. If a decline in fair value is determined to be other-than-temporary, the investment is written down to its fair value through a charge to earnings.

With respect to investments in debt securities, under the accounting guidance for other-than-temporary impairment, if the entity does not have an intent to sell the security and it is not more likely than not that management will be required to sell the debt security before the recovery of its cost basis, the impairment write-down to fair value would be recorded as a component of other comprehensive income, except for when it is determined that a credit loss exists. In determining whether a credit loss exists, management considers, among other things, the length of time and the extent to which the fair value has been less than the amortized cost basis, changes in the financial condition of the issuer of the security, or in the case of an asset backed security, the financial condition of the underlying loan obligors, consideration of underlying collateral and guarantees of amounts by government entities, ability of the issuer of the security to make scheduled interest or principal payments and any changes to the rating of the security by rating agencies. If it is determined that a credit loss exists, the amount of impairment write-down to fair value would be split between the credit loss, which would be recognized in earnings, and the amount attributable to all other factors, which would be recognized in other comprehensive income. Since management believes, based on consideration of the criteria above, that no credit loss exists as of December 31, 2011 and 2010, and management does not have the intent to sell such investments in auction rate debt securities and the investments in debt securities within its captive insurance investment portfolio, and foreign operations investment portfolio, and it is not more likely than not that management will be required to sell these securities before the anticipated recovery of their cost basis, management concluded that there were no other-than-temporary impairments necessary as of December 31, 2011 and 2010. Accordingly, all changes in the market value of investments in auction rate debt securities, captive insurance investments, and foreign operation investments were reflected as a component of other comprehensive income in 2011 and 2010. See Note 15 for additional information related to fair value measurements for investments in auction rate debt securities.

Management will continue to monitor the carrying value of its entire portfolio of investments in the future to determine if any additional other-than-temporary impairment losses should be recorded.

Investments in debt and equity securities are classified as either short-term investments or long-term investments based on management's intent and ability to sell these securities, taking into consideration liquidity factors in the current markets with respect to certain short-term investments that have historically provided for a high degree of liquidity, such as investments in auction rate debt securities.

Short-term investments. During the year ended December 31, 2011, Duke Energy purchased \$190 million of corporate debt securities using excess cash from its foreign operations. These investments are classified as Short-Term Investments on the balance sheet and are available for current operations of Duke Energy's foreign business. During the year ended December 31, 2011, Duke Energy received proceeds on sales of auction rate securities of approximately \$59 million (par value). During the year ended December 31 2010, there were no purchases or sales of short-term investments.

Long-term investments. Duke Energy classifies its investments in debt and equity securities held in the Duke Energy Carolinas NDTF (see Note 15 for further information), the Duke Energy Indiana grantor trust and the captive insurance investment portfolio as long term. Additionally, Duke Energy has classified \$71 million carrying value (\$89 million par value) and \$118 million carrying value (\$149 million par value) of investments in auction rate debt

securities as long-term at December 31, 2011 and 2010, respectively, due to market illiquidity

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factors as a result of continued failed auctions. All of these investments are classified as available-for-sale and, therefore, are reflected on the Consolidated Balance Sheets at estimated fair value based on either quoted market prices or management's best estimate of fair value based on expected future cash flow using appropriate risk-adjusted discount rates. Since management does not intend to use these investments in current operations, these investments are classified as long term.

The cost of securities is determined using the specific identification method.

The estimated fair values of investments classified as available-for-sale are as follows (in millions):

Duke Energy

	December 31, 2011			December 31, 2010		
	Gross Unrealized Holding Gains(a)	Gross Unrealized Holding Losses(a)	Estimated Fair Value	Gross Unrealized Holding Gains(a)	Gross Unrealized Holding Losses(a)	Estimated Fair Value
Short-term Investments	\$ —	\$ —	\$ 190	\$ —	\$ —	\$ —
Total short-term investments	\$ —	\$ —	\$ 190	\$ —	\$ —	\$ —
Equity Securities	\$ 448	\$ (18)	\$ 1,397	\$ 481	\$ (16)	\$ 1,435
Corporate Debt Securities	9	(3)	256	12	(3)	270
Municipal Bonds	3	—	79	1	(9)	69
U.S. Government Bonds	17	—	327	10	(1)	235
Auction Rate Debt Securities	—	(17)	71	—	(31)	118
Other	6	(4)	229	11	(5)	274
Total long-term investments	\$ 483	\$ (42)	\$ 2,359	\$ 515	\$ (65)	\$ 2,401

- (a) The table above includes unrealized gains and losses of \$473 million and \$22 million, respectively, at December 31, 2011 and unrealized gains and losses of \$505 million and \$32 million, respectively, at December 31, 2010 associated with investments held in the Duke Energy Carolinas NDTF. Additionally, the table above includes unrealized gains of \$6 million and \$1 million of unrealized losses at December 31, 2011, and unrealized gains of \$6 million and an insignificant amount of unrealized losses, at December 31, 2010 associated with investments held in the Duke Energy Indiana grantor trust. As discussed above, unrealized losses on investments within the NDTF and Duke Energy Indiana grantor trust are deferred as a regulatory asset pursuant to regulatory accounting treatment.

For the years ended December 31, 2011 and 2009, a pre-tax gain of \$6 million and \$7 million, respectively were reclassified out of AOCI into earnings. There were no reclassifications out of AOCI into earnings for the year ended December 31, 2010.

Debt securities held at December 31, 2011, which excludes auction rate securities based on the stated maturity date, mature as follows: \$141 million in less than one year, \$318 million in one to five years, \$240 million in six to 10 years and \$381 million thereafter.

The fair values and gross unrealized losses of available-for-sale debt and equity securities which are in an unrealized loss position for which other than temporary impairment losses have not been recorded in the Consolidated Statement of Operations, summarized by investment type and length of time that the securities have been in a continuous loss position, are presented in the table below as of December 31, 2011 and 2010.

	As of December 31, 2011			As of December 31, 2010		
	Estimated Fair Value(a)	Unrealized Loss Position ≥12 months	Unrealized Loss Position <12 months	Estimated Fair Value(a)	Unrealized Loss Position ≥12 months	Unrealized Loss Position <12 months
Equity Securities	\$ 123	(6)	\$ (12)	\$ 85	(11)	\$ (5)
Corporate Debt Securities	258	(2)	(1)	73	(2)	(2)
Municipal Bonds	3	—	—	42	(8)	(1)
U.S. Government Bonds	8	—	—	38	—	(1)
Auction Rate Debt Securities ^(b)	71	(17)	—	118	(31)	—
Other	121	—	(4)	84	(1)	(3)
Total long-term investments	\$ 584	\$ (25)	\$ (17)	\$ 440	\$ (53)	\$ (12)

- (a) The table above includes fair values of \$289 million and \$226 million at December 31, 2011 and December 31, 2010, respectively, associated with investments held in the Duke Energy Carolinas NDTF. Additionally, the table above includes fair values of \$11 million and \$5 million at December 31, 2011 and December 31, 2010, respectively, associated with investments held in the Duke Energy Indiana grantor trust.
- (b) See Note 15 for information about fair value measurements related to investments in auction rate debt securities.

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Duke Energy Carolinas

	December 31, 2011			December 31, 2010		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Equity Securities	\$ 443	\$ (16)	\$ 1,337	\$ 475	\$ (16)	\$ 1,365
Corporate Debt Securities	8	(2)	205	10	(3)	227
Municipal Bonds	2	—	51	1	(9)	43
U.S. Government Bonds	16	—	306	10	—	224
Auction Rate Debt Securities	—	(3)	12	—	(3)	12
Other	4	(4)	161	9	(4)	155
Total long-term investments	\$ 473	\$ (25)	\$ 2,072	\$ 505	\$ (35)	\$ 2,026

Debt securities held at December 31, 2011, which excludes auction rate securities based on the stated maturity date, mature as follows: \$65 million in less than one year, \$144 million in one to five years, \$205 million in six to 10 years and \$309 million thereafter.

The fair values and gross unrealized losses of available-for-sale debt and equity securities which are in an unrealized loss position for which other-than-temporary impairment losses have not been recorded in the Consolidated Statement of Operations, summarized by investment type and length of time that the securities have been in a continuous loss position, are presented in the table below as of December 31, 2011 and December 31, 2010.

	As of December 31, 2011			As of December 31, 2010		
	Estimated Fair Value	Unrealized Loss Position ≥12 months	Unrealized Loss Position ≤12 months	Estimated Fair Value	Unrealized Loss Position ≥12 months	Unrealized Loss Position ≤12 months
Equity Securities	\$ 111	(4)	(12)	\$ 79	(11)	(5)
Corporate Debt Securities	57	(1)	(1)	59	(2)	(1)
Municipal Bonds	—	—	—	28	(8)	(1)
U.S. Government Bonds	8	—	—	33	—	—
Auction Rate Debt Securities ^(a)	12	(3)	—	12	(3)	—
Other	113	(1)	(3)	27	(1)	(3)
Total long-term investments	\$ 301	\$ (9)	\$ (16)	\$ 238	\$ (25)	\$ (10)

(a) See Note 15 for information about fair value measurements related to investments in auction rate debt securities.

Duke Energy Indiana

	December 31, 2011			December 31, 2010		
	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	Estimated Fair Value
Equity Securities	\$ 5	\$ (1)	\$ 46	\$ 6	\$ —	\$ 47
Municipal Bonds	1	—	28	—	—	26
Total long-term investments	\$ 6	\$ (1)	\$ 74	\$ 6	\$ —	\$ 73

Debt securities held at December 31, 2011 mature as follows: \$1 million in less than one year, \$20 million in one to five years, \$6 million in six to 10 years and \$1 million thereafter.

The fair values and gross unrealized losses of available-for-sale debt and equity securities which are in an unrealized loss position for which other-than-temporary impairment losses have not been recorded in the Consolidated Statement of Operations, summarized by investment type and length of time that the securities have been in a continuous loss position, are presented in the table below as of December 31, 2011 and December 31, 2010.

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	As of December 31, 2011			As of December 31, 2010		
	<u>Fair Value</u>	<u>Unrealized Loss Position ≥12 months</u>	<u>Unrealized Loss Position <12 months</u>	<u>Fair Value</u>	<u>Unrealized Loss Position ≥12 months</u>	<u>Unrealized Loss Position <12 months</u>
Equity Securities	\$ 8	\$ —	\$ (1)	\$ —	\$ —	\$ —
Municipal Bonds	3	—	—	14	—	—
Total long-term investments	\$ 11	\$ —	\$ (1)	\$ 14	\$ —	\$ —

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17. Variable Interest Entities

A VIE is an entity that is evaluated for consolidation using more than a simple analysis of voting control. The analysis to determine whether an entity is a VIE considers contracts with an entity, credit support for an entity, the adequacy of the equity investment of an entity and the relationship of voting power to the amount of equity invested in an entity. This analysis is performed either upon the creation of a legal entity or upon the occurrence of an event requiring reevaluation, such as a significant change in an entity's assets or activities. If an entity is determined to be a VIE, a qualitative analysis of control determines the party that consolidates a VIE based on what party has the power to direct the most significant activities of the VIE that impact its economic performance as well as what party has rights to receive benefits or is obligated to absorb losses that are significant to the VIE. The analysis of the party that consolidates a VIE is a continual reassessment.

CONSOLIDATED VIEs

The table below shows the VIEs that Duke Energy and Duke Energy Carolinas consolidate and how these entities impact Duke Energy's and Duke Energy Carolinas' respective Consolidated Balance Sheets. None of these entities is consolidated by Duke Energy Ohio or Duke Energy Indiana.

Other than the discussion below related to CRC, no financial support was provided to any of the consolidated VIEs during the years ended December 31, 2011 and 2010, respectively, or is expected to be provided in the future, that was not previously contractually required.

	Duke Energy					Total
	Duke Energy Carolinas Duke Energy Receivables Financing LLC (DERF)	CRC	CinCap V (in millions)	Renewables	Other	
At December 31, 2011						
VIE Balance Sheets						
Restricted Receivables of VIEs	\$ 581	\$547	\$ 13	\$ 13	\$ 3	\$1,157
Other Current Assets	—	—	2	124	8	134
Intangibles, net	—	—	—	12	—	12
Restricted Other Assets of VIEs	—	—	65	10	60	135
Other Assets	—	—	14	36	—	50
Property, Plant and Equipment Cost, VIEs	—	—	—	913	—	913
Less Accumulated Depreciation and Amortization	—	—	—	(62)	—	(62)
Other Deferred Debits	—	—	—	24	2	26
Total Assets	581	547	94	1,070	73	2,365
Accounts Payable	—	—	—	1	1	2
Non-Recourse Notes Payable	—	273	—	—	—	273
Taxes Accrued	—	—	—	3	—	3
Current Maturities of Long-Term Debt	—	—	11	49	5	65
Other Current Liabilities	—	—	3	59	—	62
Non-Recourse Long-Term Debt	300	—	60	528	61	949
Deferred Income Taxes	—	—	—	160	—	160
Asset Retirement Obligation	—	—	—	13	—	13
Other Liabilities	—	—	13	37	—	50
Total Liabilities	300	273	87	850	67	1,577
Noncontrolling interests	—	—	—	—	1	1
Net Duke Energy Corporation Shareholders' Equity	\$ 281	\$274	\$ 7	\$ 220	\$ 5	\$ 787

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Combined Notes To Consolidated Financial Statements - (Continued)

	Duke Energy					Total
	Duke Energy Carolinas Duke Energy Receivables Financing LLC (DERF)	CRC	CinCap V (in millions)	Renewables	Other	
At December 31, 2010						
VIE Balance Sheets						
Restricted Receivables of VIEs	\$ 637	\$ 629	\$ 12	\$ 20	\$ 4	\$1,302
Other Current Assets	—	—	4	282	8	294
Intangibles, net	—	—	—	13	—	13
Restricted Other Assets of VIEs	—	—	76	(2)	65	139
Other Assets	—	—	23	—	—	23
Property, Plant and Equipment Cost, VIEs	—	—	—	892	50	942
Less Accumulated Depreciation and Amortization	—	—	—	(26)	(29)	(55)
Other Deferred Debits	—	—	—	24	(3)	21
Total Assets	637	629	115	1,203	95	2,679
Accounts Payable	—	—	—	2	2	4
Non-Recourse Notes Payable	—	216	—	—	—	216
Taxes Accrued	—	—	—	1	—	1
Current Maturities of Long-Term Debt	—	—	9	45	7	61
Other Current Liabilities	—	—	5	16	—	21
Non-Recourse Long-Term Debt	300	—	71	518	87	976
Deferred Income Taxes	—	—	—	191	—	191
Asset Retirement Obligation	—	—	—	12	—	12
Other Liabilities	—	—	22	4	—	26
Total Liabilities	300	216	107	789	96	1,508
Noncontrolling interests	—	—	—	—	1	1
Net Duke Energy Corporation Shareholders' Equity	\$ 337	\$ 413	\$ 8	\$ 414	\$ (2)	\$1,170

DERF. Duke Energy Carolinas securitizes certain accounts receivable through DERF, a bankruptcy remote, special purpose subsidiary. DERF is a wholly-owned limited liability company of Duke Energy Carolinas with a separate legal existence from its parent, and its assets are not intended to be generally available to creditors of Duke Energy Carolinas. As a result of the securitization, on a daily basis Duke Energy Carolinas sells certain accounts receivable, arising from the sale of electricity and/or related services as part of Duke Energy Carolinas' franchised electric business, to DERF. In order to fund its purchases of accounts receivable, DERF has a \$300 million secured credit facility with a commercial paper conduit, which expires in August 2013. Duke Energy Carolinas provides the servicing for the receivables (collecting and applying the cash to the appropriate receivables). Duke Energy Carolinas' borrowing under the credit facility is limited to the amount of qualified receivables sold, which has been and is expected to be in excess of the amount borrowed, which is maintained at \$300 million. The debt is classified as long-term since the facility has an expiration date of greater than one year from the balance sheet date.

The obligations of DERF under the facility are non-recourse to Duke Energy Carolinas. Duke Energy and its subsidiaries have no requirement to provide liquidity, purchase assets of DERF or guarantee performance. DERF is considered a VIE because the equity capitalization is insufficient to support its operations. If deficiencies in the net worth of DERF were to occur, those deficiencies would be cured through funding from Duke Energy Carolinas. In addition, the most significant activity of DERF relates to the decisions made with respect to the management of delinquent receivables. Since those decisions are made by Duke Energy Carolinas and any net worth deficiencies of DERF would be cured through funding from Duke Energy Carolinas, Duke Energy Carolinas consolidates DERF.

CRC. CRC was formed in order to secure low cost financing for Duke Energy Ohio, including Duke Energy Kentucky, and Duke Energy Indiana. Duke Energy Ohio and Duke Energy Indiana sell on a revolving basis at a discount, nearly all of their customer accounts receivable and related collections to CRC. The receivables which are sold are selected in order to avoid any significant concentration of credit risk and exclude delinquent receivables. The receivables sold are securitized by CRC through a facility managed by two unrelated third parties and the receivables are used as collateral for commercial paper issued by the unrelated third parties. These loans provide the cash portion of the proceeds paid by CRC to Duke Energy Ohio and Duke Energy Indiana. The proceeds obtained by Duke Energy Ohio and Duke Energy Indiana from the sales of receivables are cash and a subordinated note from CRC (subordinated retained interest in the sold receivables) for a portion of the purchase price (typically approximates 25% of the total proceeds). The amount borrowed by CRC against these receivables is non-recourse to the general credit of Duke Energy, and the associated cash collections from the accounts receivable sold is the sole source of funds to satisfy the related debt obligation. Borrowing is limited to approximately 75% of the transferred receivables.

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Losses on collection in excess of the discount are first absorbed by the equity of CRC and next by the subordinated retained interests held by Duke Energy Ohio and Duke Energy Indiana. The discount on the receivables reflects interest expense plus an allowance for bad debts net of a servicing fee charged by Duke Energy Ohio and Duke Energy Indiana. Duke Energy Ohio and Duke Energy Indiana are responsible for the servicing of the receivables (collecting and applying the cash to the appropriate receivables). Depending on the experience with collections, additional equity infusions to CRC may be required to be made by Duke Energy in order to maintain a minimum equity balance of \$3 million. For the years ended December 31, 2011, 2010 and 2009, respectively, Duke Energy infused \$6 million, \$10 million and \$11 million of equity to CRC to remedy net worth deficiencies. The amount borrowed fluctuates based on the amount of receivables sold. The debt is short term because the facility has an expiration date of less than one year from the balance sheet date. The current expiration date is October 2012. CRC is considered a VIE because the equity capitalization is insufficient to support its operations, the power to direct the most significant activities of the entity are not performed by the equity holder, Cinergy, and deficiencies in the net worth of CRC are not funded by Cinergy, but by Duke Energy. The most significant activity of CRC relates to the decisions made with respect to the management of delinquent receivables. These decisions, as well as the requirement to make up deficiencies in net worth, are made by Duke Energy and not by Duke Energy Ohio, Duke Energy Kentucky or Duke Energy Indiana. Thus, Duke Energy consolidates CRC. Duke Energy Ohio and Duke Energy Indiana do not consolidate CRC.

CinCap V. CinCap V was created to finance and execute a power sale agreement with Central Maine Power Company for approximately 35 MW of capacity and energy. This agreement expires in 2016. CinCap V is considered a VIE because the equity capitalization is insufficient to support its operations. As Duke Energy has the power to direct the most significant activities of the entity, which are the decisions to hedge and finance the power sales agreement, CinCap V is consolidated by Duke Energy.

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.

	Renewables	Renewables	Renewables	Renewables	Renewables	Renewables
	Duke Energy				Duke Energy	Duke Energy
	<u>DukeNet</u>	<u>Renewables</u>	<u>Other</u>	<u>Total</u>	<u>Ohio</u>	<u>Indiana</u>
			(in millions)			
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

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	Renewables	Renewables Duke Energy	Renewables	Renewables	Renewables	Renewables
	DukeNet	Renewables	Other	Total	Duke Energy Ohio	Duke Energy Indiana
	(in millions)					
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

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DUKE ENERGY INDIANA, INC.****Combined Notes To Consolidated Financial Statements - (Continued)**

	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
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:

	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
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
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
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.

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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.

<u>(in millions, except per share amounts)</u>	<u>Income</u>	<u>Average Shares</u>	<u>EPS</u>
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

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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.

	Balance at December 31, 2010	Provision/ Adjustments (in millions)	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

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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,		
	2011(a)	2010(a) (in millions)	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,		
	2011	2010 (in millions)	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
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%

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- (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.

Years ended December 31,	Shares awarded (in thousands)	Fair value ^(a) (in millions)
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.

Years ended December 31,	Shares awarded <u>(in thousands)</u>	Fair value ^(a) <u>(in millions)</u>
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.

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

	<u>Shares (in thousands)</u>	<u>Weighted Average Per Share Grant Date Fair Value</u>
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:

	<u>Shares (in thousands)</u>	<u>Weighted Average Per Share Grant Date Fair Value</u>
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.

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DUKE ENERGY INDIANA, INC.****Combined Notes To Consolidated Financial Statements – (Continued)****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,		
	2012	2011	2010
		(in millions)	2009
Contributions made		\$200	\$400
Anticipated contributions	\$200		\$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,		
	2011(a)	2010(a)	2009(a)
		(in millions)	
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.

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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,	
	2011	2010
	(in millions)	
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

	As of and for the Years Ended December 31,	
	2011	2010
	(in millions)	
<u>Change in Projected Benefit Obligation</u>		
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.

	As of and for the Years Ended December 31,	
	2011	2010
	(in millions)	
<u>Change in Fair Value of Plan Assets</u>		
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

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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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
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

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Projected benefit obligation	\$ —	\$ 1,052
Accumulated benefit obligation	—	956
Fair value of plan assets	—	951

Assumptions Used for Pension Benefits Accounting

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

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Combined Notes To Consolidated Financial Statements – (Continued)

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**

	For the Years Ended December 31,		
	2011	2010	2009
	(in millions)		
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**

	For the Years Ended December 31,	
	2011	2010
	(in millions)	
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 losses to regulatory assets	—	(1)
Amortization of prior year prior service cost	—	(2)
Reclassification of prior services 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

	As of and for the Years Ended December 31,	
	2011	2010
	(in millions)	
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	\$ —	\$ —

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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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
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**

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Projected benefit obligation	\$160	\$167
Accumulated benefit obligation	151	160
Fair value of plan assets	—	—

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Assumptions Used for Pension Benefits Accounting

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

	<u>For the Years Ended</u> <u>December 31,</u>		
	<u>2011(a)</u>	<u>2010(a)</u>	<u>2009(a)</u>
	(in millions)		
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.

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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

	For the Years Ended December 31,	
	2011	2010
	(in millions)	
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

	As of and for the Years Ended December 31,	
	2011	2010
	(in millions)	
<u>Change in Benefit Obligation</u>		
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
<u>Change in Fair Value of Plan Assets</u>		
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:

	As of December 31,	
	2011	2010
	(in millions)	
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.

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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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
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

<u>Determined Benefit Obligations</u>	<u>As of December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(percentages)		
Discount rate	5.10	5.00	5.50
<u>Net Periodic Benefit Cost</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
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

	<u>2011</u>	<u>2010</u>
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

	<u>1-Percentage- Point Increase</u>	<u>1-Percentage- Point Decrease</u>
	(in millions)	
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.

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	Qualified Plans	Non-Qualified Plans	Other Post- Retirement Plans(a)	Total
	(in millions)			
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:

Asset Category	Target Allocation	Percentage at December 31,	
		2011	2010
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%

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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:

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

VEBA II			
Asset Category	Target Allocation	Percentage at December 31,	
		2011	2010
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.

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Combined Notes To Consolidated Financial Statements – (Continued)

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

	Total Fair Value Amounts at December 31, 2011(a)	Level 1 (in millions)	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	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:

	Total Fair Value Amounts at December 31, 2010(a)	Level 1 (in millions)	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	(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:

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

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DUKE ENERGY INDIANA, INC.****Combined Notes To Consolidated Financial Statements - (Continued)**

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

	Total Fair Value Amounts at December 31, 2010	Level 1 (in millions)	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:

Master Trust**Year Ended December 31, 2011 (in millions)**

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:

Master Trust**Year Ended December 31, 2010 (in millions)**

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

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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,			
	2012	2011	2010	2009
				(in millions)
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.

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DUKE ENERGY CORPORATION -- DUKE ENERGY CAROLINAS, LLC -- DUKE ENERGY OHIO, INC. --
DUKE ENERGY INDIANA, INC.

Combined Notes To Consolidated Financial Statements -- (Continued)

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

	For the Years Ended December 31,		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(in millions)		
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,	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Regulatory assets, net increase	\$ 65	\$ 628

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

	As of and for the Years Ended December 31,	
	<u>2011</u>	<u>2010</u>
	(in millions)	
<u>Change in Projected Benefit Obligation</u>		
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.

	As of and for the Years Ended December 31,	
	<u>2011</u>	<u>2010</u>
	(in millions)	
<u>Change in Fair Value of Plan Assets</u>		
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
Plan assets at measurement date	\$ 1,820	\$ 1,837

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DUKE ENERGY INDIANA, INC.
Combined Notes To Consolidated Financial Statements – (Continued)

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:

	<u>As of and for the Years Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
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

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Projected benefit obligation	\$ —	\$ —
Accumulated benefit obligation	—	—
Fair value of plan assets	—	—

Assumptions Used for Pension Benefits Accounting

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

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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,		
	2011	2010	2009
	(in millions)		
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, net increase	\$ —	\$ 3

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

	As of and for the Years Ended December 31,	
	2011	2010
	(in millions)	
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:

	As of December 31,	
	2011	2010
	(in millions)	
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.

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DUKE ENERGY INDIANA, INC.****Combined Notes To Consolidated Financial Statements – (Continued)**

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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
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**

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Projected benefit obligation	\$ 18	\$ 21
Accumulated benefit obligation	17	20
Fair value of plan assets	—	—

Assumptions Used for Pension Benefits Accounting

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

	<u>For the Years Ended</u>		
	<u>December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(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

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DUKE ENERGY INDIANA, INC.

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

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

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

	As of and for the Years	
	<u>Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
<u>Change in Benefit Obligation</u>		
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
<u>Change in Fair Value of Plan Assets</u>		
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:

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

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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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
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

<u>Determined Benefit Obligations</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
		(percentages)	
Discount rate	5.10	5.00	5.50
<u>Determined Expense</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
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

	<u>2011</u>	<u>2010</u>
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

	<u>1-Percentage- Point Increase</u>	(in millions)	<u>1-Percentage- Point Decrease</u>
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.

	<u>Qualified Plans</u>	<u>Non-Qualified Plans</u>	<u>Other Post- Retirement Plans^(a)</u>	<u>Total</u>
		(in millions)		
Years Ended December 31,				
2012	\$ 186	\$ 3	\$ 22	\$211
2013	186	3	23	212
2014	185	3	24	212

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	Qualified Plans	Non-Qualified Plans (in millions)	Other Post- Retirement Plans(a)	Total
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.

Duke Energy Ohio

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,		
	2012	2011	2010
		(in millions)	
Contributions made		\$ 48	\$ 45
Anticipated contributions	\$ 29		\$ 210

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

	For the Years Ended December 31,		
	2011(a)	2010(a)	2009(a)
	(in millions)		
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 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.

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

	For the Years Ended December 31,	
	2011	2010
	(in millions)	
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

	As of and for the Years Ended December 31,	
	2011	2010
	(in millions)	
<u>Change in Projected Benefit Obligation</u>		
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.

	As of and for the Years Ended December 31,	
	2011	2010
	(in millions)	
<u>Change in Fair Value of Plan Assets</u>		
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

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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:

	<u>As of and for the Years Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
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 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**

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Projected benefit obligation	\$—	\$651
Accumulated benefit obligation	—	616
Fair value of plan assets	—	565

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DUKE ENERGY INDIANA, INC.****Combined Notes To Consolidated Financial Statements – (Continued)****Assumptions Used for Pension Benefits Accounting**

	<u>As of December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Benefit Obligations</u>			
	(percentages)		
Discount rate	5.10	5.00	5.50
Salary increase (graded by age)	4.40	4.10	4.50
<u>Determined Expense</u>	2011	2010	2009
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**

Duke Energy Ohio's non-qualified pension plan pre-tax net periodic pension benefit costs as allocated by Duke Energy was insignificant for the years ended December 31, 2011, 2010 and 2009.

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

Duke Energy Ohio's non-qualified pension plan Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets and Accumulated Other Comprehensive Income as allocated by Duke Energy was insignificant for the years ended December 31, 2011 and 2010.

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

	<u>As of and for the Years</u>	
	<u>Ended December 31,</u>	<u>2010</u>
	<u>2011</u>	<u>2010</u>
	(in millions)	
<u>Change in Projected Benefit Obligation</u>		
Obligation at prior measurement date	\$ 6	\$ 4
Service cost	—	—
Interest cost	—	—
Actuarial losses	(1)	3
Benefits paid	(1)	(1)
Obligation at measurement date	\$ 4	\$ 6
<u>Change in Fair Value of Plan Assets</u>		
Benefits paid	\$ (1)	\$ (1)
Employer contributions	1	1
Plan assets at measurement date	\$ —	\$ —

The accumulated benefit obligation was \$4 million and \$6 million at December 31, 2011 and 2010, respectively.

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The following table provides the amounts related to Duke Energy Ohio'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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Accrued pension liability ^(a)	\$ (4)	\$ (6)

(a) Includes \$1 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of both December 31, 2011 and 2010.

Amounts related to Duke Energy Ohio's non-qualified pension plans that are reflected in Other within Regulatory Assets and Deferred Debits and AOCI on the Consolidated Balance Sheets were insignificant at December 31, 2011 and 2010.

Additional Information: Non-Qualified Pension Plans**Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets as allocated by Duke Energy**

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Projected benefit obligation	\$ 4	\$ 6
Accumulated benefit obligation	4	6
Fair value of plan assets	—	—

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.

Assumptions Used for Pension Benefits Accounting

	<u>As of December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(percentages)		
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Salary increase	4.40	4.10	4.50
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
Salary increase	4.10	4.50	4.50

Other Post-Retirement Benefit Plans

Duke Energy Ohio participates in other post-retirement benefit plans sponsored by Duke Energy. Duke Energy provides certain health care and life insurance benefits to retired employees and their eligible dependents on a contributory and non-contributory basis. These benefits are subject to minimum age and service requirements. The health care benefits include medical coverage, dental coverage, and prescription drug coverage and are subject to certain limitations, such as deductibles and co-payments. 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 10 years. Duke Energy did not make any contributions to its other post-retirement plans in 2011, 2010 or 2009.

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

	For the Years Ended December 31,		
	2011(a)	2010(a) (in millions)	2009(a)
Service cost	\$ 1	\$ 1	\$ 1
Interest cost on accumulated post-retirement benefit obligation	3	3	4
Expected return on plan assets	(1)	(1)	(1)
Amortization of prior service credit	(1)	(1)	(1)
Amortization of actuarial gain	(2)	(2)	(2)
Net periodic other post-retirement benefit costs	\$ —	\$ —	\$ 1

(a) These amounts exclude \$2 million for each of the years ended December 31, 2011, 2010 and 2009 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, Regulatory Assets and Regulatory Liabilities: Other Post-Retirement Benefit Plans

	For the Years Ended December 31,	
	2011 (in millions)	2010
Regulatory liabilities, net decrease	\$ (1)	(4)
Accumulated other comprehensive (income)/loss		
Deferred income tax liability	(1)	3
Actuarial loss (gain) arising during the year	2	(3)
Amortization of prior year actuarial gains	1	1
Net amount recognized in accumulated other comprehensive (income)/loss	\$ 2	\$ 1

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

	As of and for the Years Ended December 31,	
	2011 (in millions)	2010
<u>Change in Benefit Obligation</u>		
Accumulated post-retirement benefit obligation at prior measurement date	\$ 66	\$ 70
Service cost	1	1
Interest cost	3	3
Plan participants' contributions	1	1
Actuarial loss	—	2
Transfers	(2)	(6)
Benefits paid	(8)	(5)
Accumulated post-retirement benefit obligation at measurement date	\$ 61	\$ 66
<u>Change in Fair Value of Plan Assets</u>		
Plan assets at prior measurement date	\$ 8	\$ 7
Actual return on plan assets	—	2
Benefits paid	(8)	(5)
Employer contributions	8	3
Plan participants' contributions	1	1
Plan assets at measurement date	\$ 9	\$ 8

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The following table provides the amounts related to Duke Energy Ohio'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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Accrued other post-retirement liability ^(a)	\$ (52)	\$ (58)

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

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

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Regulatory liabilities	\$ 19	\$ 20
Accumulated other comprehensive income		
Deferred income tax liability	\$ 4	\$ 5
Prior service credit	(1)	(1)
Net actuarial loss gain	(9)	(12)
Net amount recognized in accumulated other comprehensive (income)/loss	\$ (6)	\$ (8)

Of the amounts above, \$2 million of unrecognized gains and \$1 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

	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(percentages)		
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
Expected long-term rate of return on plan assets	8.25	8.50	8.50

Assumed Health Care Cost Trend Rate

	<u>2011</u>	<u>2010</u>
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

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Sensitivity to Changes in Assumed Health Care Cost Trend Rates

	1-Percentage- Point Increase	(in millions)	1-Percentage- Point Decrease
Effect on total service and interest costs	\$	1	\$ (1)
Effect on post-retirement benefit obligation		18	(16)

Expected Benefit Payments

The following table presents Duke Energy's expected benefit payments made on behalf of Duke Energy Ohio 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.

Years Ended December 31,	Qualified Plans	Non-Qualified Plans (in millions)	Other Post- Retirement Plans	Total
2012	\$ 46	\$ 1	\$ 5	\$ 52
2013	45	1	5	51
2014	44	1	6	51
2015	43	1	6	50
2016	44	1	6	51
2017 – 2021	241	3	27	271

Employee Savings Plans

Duke Energy sponsors, and Duke Energy Ohio 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) employee contributions, of up to 6% of eligible pay per period. Duke Energy Ohio expensed pre-tax plan contributions, as allocated by Duke Energy, of \$4 million in 2011, \$4 million in 2010 and \$4 million in 2009.

Duke Energy Indiana

Duke Energy Retirement Plans. Duke Energy Indiana 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 Indiana.

Net periodic benefit cost disclosed 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 costs disclosed 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 below represent the amounts of pension and other post-retirement benefit cost allocated to Duke Energy Indiana. Additionally, Duke Energy Indiana 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 Indiana. 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 Indiana 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 Indiana's contributions to Duke Energy's qualified defined benefit pension plans.

	2012	Years ended December 31, 2011 2010 2009 (in millions)
Contributions made		\$ 52 \$ 46 \$ 140
Anticipated contributions	\$ 24	

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 qualified retirement plans is 10 years. The average remaining service period of the active employees covered by the qualified retirement plans is also 10 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.

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

	For the Years Ended December 31,		
	2011	2010	2009
	(in millions)		
Service cost	\$ 11	\$ 11	\$ 9
Interest cost on projected benefit obligation	30	32	33
Expected return on plan assets	(45)	(45)	(42)
Amortization of prior service cost	2	2	2
Amortization of actuarial loss	14	12	5
Other	2	2	2
Net periodic pension costs	\$ 14	\$ 14	\$ 9

Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets

	For the Years Ended December 31,	
	2011	2010
	(in millions)	
Regulatory assets, net increase (decrease)	\$ 5	\$ (4)

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

	As of and for the Years Ended December 31,	
	2011	2010
	(in millions)	
<u>Change in Projected Benefit Obligation</u>		
Obligation at prior measurement date	\$ 628	\$ 602
Service cost	11	11
Interest cost	30	32
Actuarial (gains) losses	(11)	32
Plan amendments	(1)	2
Transfers	1	(7)
Benefits paid	(45)	(44)
Obligation at measurement date	\$ 613	\$ 628

The accumulated benefit obligation was \$582 million and \$578 million at December 31, 2011 and 2010, respectively.

	As of and for the Years Ended December 31,	
	2011	2010
	(in millions)	
<u>Change in Fair Value of Plan Assets</u>		
Plan assets at prior measurement date	\$ 565	\$ 505
Actual return on plan assets	9	65
Benefits paid	(45)	(44)
Transfers	1	(7)
Employer contributions	52	46
Plan assets at measurement date	\$ 582	\$ 565

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The following table provides the amounts related to Duke Energy Indiana'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:

	<u>As of and for the Years Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Accrued pension liability	\$ (31)	\$ (63)

The following table provides the amounts related to Duke Energy Indiana's 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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Regulatory assets	\$229	\$224

Additional Information: Qualified Pension Plans**Information for Plans with Accumulated Benefit Obligation in Excess of Plan Assets as allocated by Duke Energy**

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Projected benefit obligation	\$—	\$628
Accumulated benefit obligation	—	578
Fair value of plan assets	—	565

Assumptions Used for Pension Benefits Accounting

	<u>As of December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(percentages)		
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Salary increase	4.40	4.10	4.50
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**

Duke Energy Indiana's non-qualified pension plan pre-tax net periodic pension benefit costs, as allocated by Cinergy, were insignificant for the years ended December 31, 2011, 2010 and 2009.

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

	<u>For the year ended</u> <u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Regulatory assets, net (decrease) increase	\$ (1)	\$ 1

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

	<u>As of and for the Years</u> <u>Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
<u>Change in Projected Benefit Obligation</u>		
Obligation at prior measurement date	\$ 6	\$ 6
Actuarial losses	(1)	—
Obligation at measurement date	\$ 5	\$ 6
<u>Change in Fair Value of Plan Assets</u>		
Benefits paid	\$ —	\$ —
Employer contributions	—	—
Plan assets at measurement date	\$ —	\$ —

The accumulated benefit obligation was \$5 million and \$6 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 Indiana'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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Accrued pension liability ^(a)	\$ (5)	\$ (6)

(a) Includes \$1 million recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of both December 31, 2011 and 2010.

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

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Regulatory assets	\$ 2	\$ 3

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

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Additional Information: Non-Qualified Pension Plans

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

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Projected benefit obligation	\$ 5	\$ 6
Accumulated benefit obligation	5	6
Fair value of plan assets	—	—

Assumptions Used for Pension Benefits Accounting: Non-Qualified Plans

	<u>As of December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(percentages)		
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Salary increase	4.40	4.10	4.50
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 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

Duke Energy Indiana participates in other post-retirement benefit plans sponsored by Duke Energy. Duke Energy provides certain health care and life insurance benefits to retired employees and their eligible dependents on a contributory and non-contributory basis. These benefits are subject to minimum age and service requirements. The health care benefits include medical coverage, dental coverage, and prescription drug coverage and are subject to certain limitations, such as deductibles and co-payments. 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 as allocated by Duke Energy

	<u>For the Years Ended</u>		
	<u>December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(in millions)		
Service cost	\$ 1	\$ 1	\$ 1
Interest cost on accumulated post-retirement benefit obligation	7	8	11
Expected return on plan assets	(1)	(1)	(1)
Amortization of actuarial loss (gain)	2	1	2
Net periodic other post-retirement benefit costs	\$ 9	\$ 9	\$ 13

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DUKE ENERGY INDIANA, INC.****Combined Notes To Consolidated Financial Statements – (Continued)****Other Changes in Plan Assets and Projected Benefit Obligations Recognized in Regulatory Assets and Regulatory Liabilities: Other Post-Retirement Benefit Plans**

	<u>For the year ended</u> <u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Regulatory assets, net decrease	\$ (7)	\$(12)
Regulatory liabilities, net increase (decrease)	12	(6)

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

	<u>As of and for the Years</u> <u>Ended December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
<u>Change in Benefit Obligation</u>		
Accumulated post-retirement benefit obligation at prior measurement date	\$ 152	\$ 154
Service cost	1	1
Interest cost	7	8
Plan participants' contributions	4	3
Actuarial (gain) loss	(17)	1
Benefits paid	(14)	(15)
Transfers	—	(1)
Early retiree reinsurance program subsidy	1	—
Accrued retiree drug subsidy	1	1
Accumulated post-retirement benefit obligation at measurement date	\$ 135	\$ 152
<u>Change in Fair Value of Plan Assets</u>		
Plan assets at prior measurement date	\$ 14	\$ 13
Actual return on plan assets	—	2
Benefits paid	(14)	(15)
Employer contributions	10	11
Plan participants' contributions	4	3
Plan assets at measurement date	\$ 14	\$ 14

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

The following table provides the amounts related to Duke Energy Indiana'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:

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Accrued other post-retirement liability ^(a)	\$(121)	\$(138)

- (a) Includes an insignificant amount recognized in Other within Current Liabilities on the Consolidated Balance Sheets as of both December 31, 2011 and 2010.

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Combined Notes To Consolidated Financial Statements – (Continued)

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

	<u>As of December 31,</u>	
	<u>2011</u>	<u>2010</u>
	(in millions)	
Regulatory assets	\$ 83	\$ 90
Regulatory liabilities	70	58

Assumptions Used for Other Post-retirement Benefits Accounting

	<u>As of December 31,</u>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
	(percentages)		
Benefit Obligations			
Discount rate	5.10	5.00	5.50
Net Periodic Benefit Cost			
Discount rate	5.00	5.50	6.50
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.

Assumed Health Care Cost Trend Rate

	<u>2011</u>	<u>2010</u>
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

	<u>1-Percentage- Point Increase</u>	<u>1-Percentage- Point Decrease</u>
	(in millions)	
Effect on total service and interest costs	\$ 1	\$ (1)
Effect on post-retirement benefit obligation	18	(16)

Expected Benefit Payments

The following table presents Duke Energy's expected benefit payments to participants on behalf of Duke Energy Indiana 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.

<u>Years Ended December 31,</u>	<u>Qualified Plans</u>	<u>Non- Qualified Plans (in millions)</u>	<u>Other Post- Retirement Plans(a)</u>	<u>Total</u>
2012	\$ 46	\$ 1	\$ 12	\$ 59
2013	43	1	13	57
2014	42	1	13	56
2015	42	1	13	56
2016	43	1	13	57
2017 – 2021	223	3	61	287

- (a) Duke Energy expects to receive future subsidies under Medicare Part D on behalf of Duke Energy Indiana of \$1 million in each of the years 2012–2016 and a total of \$5 million during the years 2017–2021.

Employee Savings Plans

Duke Energy sponsors, and Duke Energy Indiana 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) employee contributions, of up to 6% of eligible pay per period. Duke Energy Indiana expensed pre-tax plan contributions, as allocated by Duke Energy, of \$8 million in 2011, \$6 million in 2010 and \$5 million in 2009.

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DUKE ENERGY INDIANA, INC.****Combined Notes To Consolidated Financial Statements – (Continued)****22. Income Taxes**

Duke Energy and its subsidiaries file income tax returns in the U.S. with federal and various state governmental authorities, and in certain foreign jurisdictions. The taxable income of Duke Energy and its subsidiaries is reflected in Duke Energy's U.S. federal and state income tax returns. These subsidiaries have a tax sharing agreement with Duke Energy where the separate return method is used to allocate tax expenses and benefits to the subsidiaries whose investments or results of operations provide these tax expenses and benefits. The accounting for income taxes essentially represents the income taxes that each of these subsidiaries would incur if it were a separate company filing its own tax return as a C-Corporation.

The following details the components of income tax expense:

Income Tax Expense

	For the Year Ended December 31, 2011			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	(in millions)			
Current income taxes				
Federal	\$ (37)	\$ (122)	\$ (95)	\$ 95
State	21	30	1	42
Foreign	164	—	—	—
Total current income taxes	148	(92)	(94)	137
Deferred income taxes				
Federal	526	531	194	(38)
State	56	40	(2)	(23)
Foreign	32	—	—	—
Total deferred income taxes	614	571	192	(61)
Investment tax credit amortization	(10)	(7)	(2)	(2)
Total income tax expense included in Consolidated Statements of Operations ^(a)	\$ 752	\$ 472	\$ 96	\$ 74

- (a) Included in the "Total current income taxes" line above are uncertain tax benefits relating primarily to certain temporary differences of \$43 million at Duke Energy, \$43 million at Duke Energy Carolinas, \$3 million at Duke Energy Ohio and \$3 million at Duke Energy Indiana. The offset to these temporary differences are included in the "Total deferred income taxes" line above.

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DUKE ENERGY INDIANA, INC.**

Combined Notes To Consolidated Financial Statements – (Continued)

	For the Year Ended December 31, 2010			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	(in millions)			
Current income taxes				
Federal	\$ (5)	\$ 3	\$ 107	\$ (3)
State	39	(2)	8	16
Foreign	125	—	—	—
Total current income taxes	159	1	115	13
Deferred income taxes				
Federal	639	388	6	123
State	83	75	12	22
Foreign	20	—	—	—
Total deferred income taxes	742	463	18	145
Investment tax credit amortization	(11)	(7)	(1)	(2)
Total income tax expense from continuing operations	890	457	132	156
Total income tax benefit from discontinued operations	(1)	—	—	—
Total income tax expense included in Consolidated Statements of Operations^(a)	\$ 889	\$ 457	\$ 132	\$ 156

- (a) Included in the "Total current income taxes" line above are uncertain tax benefits relating primarily to certain temporary differences of \$392 million at Duke Energy, \$300 million at Duke Energy Carolinas, \$3 million at Duke Energy Ohio and \$7 million at Duke Energy Indiana. The offset to these temporary differences are included in the "Total deferred income taxes" line above.

	For the Year Ended December 31, 2009			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	(in millions)			
Current income taxes				
Federal	\$ (271)	\$ (196)	\$ 77	\$ 2
State	3	(27)	7	5
Foreign	96	—	—	—
Total current income taxes	(172)	(223)	84	7
Deferred income taxes				
Federal	767	518	97	89
State	148	89	7	22
Foreign	27	—	—	—
Total deferred income taxes	942	607	104	111
Investment tax credit amortization	(12)	(7)	(2)	(2)
Total income tax expense from continuing operations	758	377	186	116
Total income tax benefit from discontinued operations	(2)	—	—	—
Total income tax expense included in Consolidated Statements of Operations^(a)	\$ 756	\$ 377	\$ 186	\$ 116

- (a) Included in the "Total current income taxes" line above are uncertain tax benefits relating primarily to certain temporary differences of \$91 million at Duke Energy, uncertain tax expenses of \$42 million, \$22 million and \$20 million at Duke Energy Carolinas, Duke Energy Ohio, and Duke Energy Indiana, respectively. The offset to these temporary differences are included in the "Total deferred income taxes" line above.

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DUKE ENERGY INDIANA, INC.**

Combined Notes To Consolidated Financial Statements – (Continued)

Duke Energy Income from Continuing Operations before Income Taxes

	For the Years Ended December 31,		
	2011	2010	2009
	(in millions)		
Domestic	\$1,780	\$1,731	\$1,433
Foreign	685	479	398
Total income from continuing operations before income taxes	\$2,465	\$2,210	\$1,831

Reconciliation of Income Tax Expense at the U.S. Federal Statutory Tax Rate to the Actual Tax Expense from Continuing Operations (Statutory Rate Reconciliation)

	For the Year Ended December 31, 2011			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	(in millions)			
Income tax expense, computed at the statutory rate of 35%	\$ 863	\$ 457	\$ 102	\$ 85
State income tax, net of federal income tax effect	50	46	(1)	13
Tax differential on foreign earnings	(44)	—	—	—
AFUDC equity income	(91)	(59)	(2)	(31)
Other items, net	(26)	28	(3)	7
Total income tax expense from continuing operations	\$ 752	\$ 472	\$ 96	\$ 74
Effective tax rate	30.5%	36.1%	33.1%	30.6%

	For the Year Ended December 31, 2010			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	(in millions)			
Income tax expense, computed at the statutory rate of 35%	\$ 774	\$ 454	\$ (108)	\$ 155
State income tax, net of federal income tax effect	82	48	14	26
Tax differential on foreign earnings	(22)	—	—	—
Goodwill impairment charges	175	—	237	—
AFUDC equity income	(82)	(61)	(2)	(20)
Other items, net	(37)	16	(9)	(5)
Total income tax expense from continuing operations	\$ 890	\$ 457	\$ 132	\$ 156
Effective tax rate	40.3%	35.3%	(43.0)%	35.5%

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DUKE ENERGY CORPORATION DUKE ENERGY CAROLINAS, LLC – DUKE ENERGY OHIO, INC. –
DUKE ENERGY INDIANA, INC.
Combined Notes To Consolidated Financial Statements – (Continued)

	For the Year Ended December 31, 2009			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
		(in millions)		
Income tax expense, computed at the statutory rate of 35%	\$ 641	\$ 378	\$ (84)	\$ 111
State income tax, net of federal income tax effect	98	40	9	18
Tax differential on foreign earnings	(16)	—	—	—
Goodwill impairment charges	130	—	254	—
AFUDC equity income	(53)	(44)	1	(10)
Other items, net	(42)	3	6	(3)
Total income tax expense from continuing operations	\$ 758	\$ 377	\$ 186	\$ 116
Effective tax rate	41.4%	34.9%	(77.5)%	36.7%

Valuation allowances have been established for certain foreign and state net operating loss carryforwards that reduce deferred tax assets to an amount that will be realized on a more-likely-than-not basis. The net change in the total valuation allowance is included in Tax differential on foreign earnings and State income tax, net of federal income tax effect in the above table.

Net Deferred Income Tax Liability Components

	For the Year Ended December 31, 2011			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
		(in millions)		
Deferred credits and other liabilities	\$ 790	\$ 228	\$ 68	\$ 92
Tax Credits and NOL Carryforwards ^(a)	930	199	—	95
Investments and other assets	—	—	3	—
Other	137	18	31	5
Total deferred income tax assets	1,857	445	102	192
Valuation allowance	(144)	—	—	—
Net deferred income tax assets	1,713	445	102	192
Investments and other assets	(809)	(720)	—	(2)
Accelerated depreciation rates	(6,989)	(3,576)	(1,706)	(968)
Regulatory assets and deferred debits	(1,219)	(658)	(216)	(136)
Total deferred income tax liabilities	(9,017)	(4,954)	(1,922)	(1,106)
Net deferred income tax liabilities	\$(7,304)	\$ (4,509)	\$(1,820)	\$ (914)

(a) See Tax Credits and NOL Carryforwards table below.

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DUKE ENERGY INDIANA, INC.
Combined Notes To Consolidated Financial Statements – (Continued)

Tax Credits and NOL Carryforwards

<u>Description</u>	<u>Amount</u>	For the Year Ended December 31, 2011
		(in millions) <u>Expiration year</u>
Investment Tax Credits	\$ 362	2029 – 2031
Alternative Minimum Tax Credits	145	Indefinite
Federal NOL ^(a)	274	2031
State NOL ^(a)	47	2016 – 2031
Foreign NOL ^(b)	102	2015 – 2029; Indefinite

- (a) A valuation allowance of \$41 million has been recorded on the State NOL Carryforwards, as presented in the Net Deferred Income Tax Liability Components table.
- (b) A valuation allowance of \$102 million has been recorded on the Foreign NOL Carryforwards, as presented in the Net Deferred Income Tax Liability Components table.

	For the Year Ended December 31, 2010			
	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
	(in millions)			
Deferred credits and other liabilities	\$ 679	\$ 204	\$ 61	\$ 70
Tax Credits and NOL Carryforwards	554	52	—	100
Other	100	15	19	5
Total deferred income tax assets	1,333	271	80	175
Valuation allowance	(145)	—	—	—
Net deferred income tax assets	1,188	271	80	175
Investments and other assets	(781)	(675)	(11)	(41)
Accelerated depreciation rates	(6,052)	(2,990)	(1,529)	(973)
Regulatory assets and deferred debits	(996)	(513)	(171)	(93)
Total deferred income tax liabilities	(7,829)	(4,178)	(1,711)	(1,107)
Net deferred income tax liabilities	\$(6,641)	\$ (3,907)	\$(1,631)	\$ (932)

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**DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – DUKE ENERGY OHIO, INC. –
DUKE ENERGY INDIANA, INC.**

Combined Notes To Consolidated Financial Statements – (Continued)

The above amounts have been classified in the Consolidated Balance Sheets as follows:

Deferred Tax Assets (Liabilities)

	For the Year Ended December 31, 2011			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	(in millions)			
Current deferred tax assets, included in other current assets	\$ 210	\$ 46	\$ 33	\$ 13
Non-current deferred tax assets, included in other investments and other assets	67	—	—	—
Non-current deferred tax liabilities	(7,581)	(4,555)	(1,853)	(927)
Total net deferred income tax liabilities	\$ (7,304)	\$ (4,509)	\$ (1,820)	\$ (914)

	For the Year Ended December 31, 2010			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	(in millions)			
Current deferred tax assets, included in other current assets	\$ 236	\$ 81	\$ 9	\$ 41
Non-current deferred tax assets, included in other investments and other assets	101	—	—	—
Non-current deferred tax liabilities	(6,978)	(3,988)	(1,640)	(973)
Total net deferred income tax liabilities	\$ (6,641)	\$ (3,907)	\$ (1,631)	\$ (932)

Deferred income taxes and foreign withholding taxes have not been provided on undistributed earnings of Duke Energy's foreign subsidiaries when such amounts are deemed to be indefinitely reinvested. The cumulative undistributed earnings as of December 31, 2011 on which Duke Energy has not provided deferred income taxes and foreign withholding taxes is \$1.7 billion. The amount of unrecognized deferred tax liability related to these undistributed earnings is estimated at between \$250 million and \$325 million.

Changes to Unrecognized Tax Benefits

	For the Year Ended December 31, 2011			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	Increase/(Decrease)			
	(in millions)			
Unrecognized Tax Benefits—January 1,	\$ 342	\$ 217	\$ 29	\$ 21
Unrecognized Tax Benefits Changes				
Gross increases—tax positions in prior periods	49	42	4	3
Gross decreases—tax positions in prior periods	(18)	(8)	(5)	(3)
Gross increases—current period tax positions	16	9	4	3
Settlements	(4)	—	—	—
Total Changes	43	43	3	3
Unrecognized Tax Benefits—December 31,	\$ 385	\$ 260	\$ 32	\$ 24

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Combined Notes To Consolidated Financial Statements – (Continued)

	For the Year Ended December 31, 2010			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	Increase/(Decrease) (in millions)			
Unrecognized Tax Benefits—January 1,	\$ 664	\$ 517	\$ 32	\$ 28
Unrecognized Tax Benefits Changes				
Gross increases—tax positions in prior periods	36	14	15	7
Gross decreases—tax positions in prior periods	(43)	(7)	(21)	(13)
Gross increases—current period tax positions	5	3	1	1
Settlements	(320)	(310)	2	(2)
Total Changes	(322)	(300)	(3)	(7)
Unrecognized Tax Benefits—December 31,	\$ 342	\$ 217	\$ 29	\$ 21

	For the Year Ended December 31, 2009			
	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	Increase/(Decrease) (in millions)			
Unrecognized Tax Benefits—January 1,	\$ 572	\$ 462	\$ 15	\$ 9
Unrecognized Tax Benefits Changes				
Gross increases—tax positions in prior periods	132	58	30	22
Gross decreases—tax positions in prior periods	(38)	(11)	(9)	(1)
Gross increases—current period tax positions	11	8	1	2
Settlements	(13)	—	(5)	(4)
Total Changes	92	55	17	19
Unrecognized Tax Benefits—December 31,	\$ 664	\$ 517	\$ 32	\$ 28

The following table includes information regarding the Duke Energy Registrants unrecognized tax benefits ^(a).

	Duke Energy	Duke Energy Carolinas	Duke Energy Ohio	Duke Energy Indiana
	(in millions)			
December 31, 2011				
Amount that if recognized, would affect the effective tax rate or regulatory liability ^(b)	121	115	—	—
Amount that if recognized, would be recorded as a component of discontinued operations	11	—	—	—

(a) The Duke Registrants do not anticipate a material increase or decrease in unrecognized tax benefits in the next 12 months.

(b) Duke Energy and Duke Energy Carolinas are unable to estimate the specific amounts that would affect the effective tax rate or regulatory liability.

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Combined Notes To Consolidated Financial Statements – (Continued)

The following tables include interest and penalties recognized in the consolidated statements of operations and the consolidated balance sheets:

	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
	(in millions)			
December 31, 2011				
Net interest income recognized related to income taxes	\$ 12	\$ 5	\$ —	\$ —
Net interest expense recognized related to income taxes	—	—	1	1
Interest receivable related to income taxes included in the consolidated balance sheets	8	5	—	—
Interest payable related to income taxes included in the consolidated balance sheets	—	—	3	3
Accruals for the payment of penalties included in the consolidated balance sheets	—	—	—	—
	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
	(in millions)			
December 31, 2010				
Net interest income recognized related to income taxes	\$ 26	\$ 18	\$ 4	\$ 5
Interest receivable related to income taxes included in the consolidated balance sheets	33	34	—	—
Interest payable related to income taxes included in the consolidated balance sheets	—	—	1	2
Accruals for the payment of penalties included in the consolidated balance sheets	3	—	—	—
	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
	(in millions)			
December 31, 2009				
Net interest expense recognized related to income taxes	\$ 7	\$ —	\$ 8	\$ 5

Duke Energy and its subsidiaries are no longer subject to U.S. federal examination for years before 2004. The years 2004 and 2005 are in Appeals. The Internal Revenue Service (IRS) is currently auditing the federal income tax returns for years 2006 and 2007. With few exceptions, Duke Energy and its subsidiaries are no longer subject to state, local or non-U.S. income tax examinations by tax authorities for years before 1999.

23. Subsequent Events

For information on subsequent events related to acquisitions, regulatory matters, commitments and contingencies, debt and credit facilities and joint ownership of generating and transmission facilities, see Notes 2, 4, 5, 6 and 8 respectively.

24. Quarterly Financial Data (Unaudited)

Duke Energy

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total</u>
	(In millions, except per share data)				
2011					
Operating revenues	\$3,663	\$3,534	\$3,964	\$3,368	\$14,529
Operating income	814	679	767	517	2,777
Net income attributable to Duke Energy Corporation	511	435	472	288	1,706
Earnings per share:					
Basic ^(a)	\$ 0.38	\$ 0.33	\$ 0.35	\$ 0.22	\$ 1.28
Diluted	\$ 0.38	\$ 0.33	\$ 0.35	\$ 0.22	\$ 1.28

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DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – DUKE ENERGY OHIO, INC. – DUKE ENERGY INDIANA, INC.

Combined Notes To Consolidated Financial Statements – (Continued)

	<u>First Quarter</u>	<u>Second Quarter</u> (In millions, except per share data)	<u>Third Quarter</u>	<u>Fourth Quarter</u>	<u>Total</u>
2010					
Operating revenues	\$ 3,594	\$ 3,287	\$ 3,946	\$ 3,445	\$14,272
Operating income (loss)	761	(14)	1,033	681	2,461
Net income (loss) attributable to Duke Energy Corporation	445	(222)	670	427	1,320
Earnings (loss) per share:					
Basic	\$ 0.34	\$ (0.17)	\$ 0.51	\$ 0.32	\$ 1.00
Diluted ^(a)	\$ 0.34	\$ (0.17)	\$ 0.51	\$ 0.32	\$ 1.00

(a) Quarterly EPS amounts are meant to be stand-alone calculations and are not always additive to full year amount due to rounding.

The following table includes unusual or infrequently occurring items recorded by Duke Energy in each quarter during the two most recently completed fiscal years. All amounts discussed below are pre-tax unless otherwise noted.

	<u>First Quarter</u>	<u>Second Quarter</u> (In millions)	<u>Third Quarter</u>	<u>Fourth Quarter</u>
2011				
Edwardsport IGCC impairment (see Note 4)	\$ —	\$ —	\$ (222)	\$ —
Emission Allowance impairment (see Note 12) ^(a)	—	—	(79)	—
Energy efficiency revenue adjustment	—	—	—	59
Total	\$ —	\$ —	\$ (301)	\$ -59
2010				
Voluntary severance program expenses (see Note 19)	\$ (68)	\$ (76)	\$ (20)	\$ (8)
Commercial Power non-regulated Midwest generation goodwill impairment (see Note 12)	—	(500)	—	—
Midwest generation asset and emission allowance impairment (see Note 12)	—	(160)	—	—
Edwardsport IGCC impairment (see Note 4)	—	—	(44)	—
Gain on sale of investment in Q-Comm (see Note 13)	—	—	—	109
Gain on sale of DukeNet (see Note 3)	—	—	—	139
Total	\$ (68)	\$ (736)	\$ (64)	\$ 240

(a) In the fourth quarter of 2011, Duke Energy recorded \$59 million of previously deferred revenue resulting from the receipt of an order from the NCUC which allowed the recognition of revenue in excess of amounts billed to customers.

Duke Energy Carolinas

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u> (In millions)	<u>Fourth Quarter</u>	<u>Total</u>
2011					
Operating revenues	\$ 1,552	\$ 1,607	\$ 1,868	\$ 1,466	\$6,493
Operating income/	363	331	541	245	1,480
Net income	205	193	311	125	834
2010					
Operating revenues	\$ 1,545	\$ 1,513	\$ 1,877	\$ 1,489	\$6,424
Operating income	347	313	521	264	1,445
Net income	192	202	315	129	838

The following table includes unusual or infrequently occurring items recorded by Duke Energy Carolinas in each quarter during 2011 and 2010. All amounts discussed below are pre-tax unless otherwise noted.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In millions)			
2011				
Energy efficiency revenue adjustment ^(a)				\$ 59
2010				
Voluntary severance program expenses (see Note 19)	\$ (42)	\$ (43)	\$ (13)	\$ (1)

(a) In the fourth quarter of 2011, Duke Energy Carolinas recorded \$59 million of previously deferred revenue resulting from the receipt of an order from the NCUC which allowed the recognition of revenue in excess of amounts billed to customers.

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DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – DUKE ENERGY OHIO, INC. –
DUKE ENERGY INDIANA, INC.
Combined Notes To Consolidated Financial Statements – (Continued)

Duke Energy Ohio

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u> (In millions)	<u>Fourth Quarter</u>	<u>Total</u>
2011					
Operating revenues	\$ 879	\$ 694	\$ 838	\$ 770	\$3,181
Operating income	135	59	116	65	375
Net income	73	33	51	37	194
2010					
Operating revenues	\$ 977	\$ 649	\$ 923	\$ 780	\$3,329
Operating income (loss)	222	(781)	279	55	(225)
Net income (loss)	130	(759)	176	12	(441)

The following table includes unusual or infrequently occurring items recorded by Duke Energy Ohio in each quarter during the two most recently completed fiscal years. All amounts discussed below are pre-tax unless otherwise noted.

	<u>First Quarter</u>	<u>Second Quarter</u> (In millions)	<u>Third Quarter</u>	<u>Fourth Quarter</u>
2011				
Emission Allowance impairment (see Note 12)	\$ —	\$ —	\$ (79)	\$ —
2010				
Voluntary severance program expenses (see Note 19)	\$ (11)	\$ (10)	\$ (2)	\$ (1)
Commercial Power non-regulated Midwest generation goodwill impairment (see Note 12)	—	(461)	—	—
FE&G Ohio T&D goodwill impairment (see Note 12)	—	(216)	—	—
Midwest generation asset and emission allowance impairment (see Note 12)	—	(160)	—	—
Disallowance of previously deferred storm costs	—	—	—	(17)
Total	\$ (11)	\$ (847)	\$ (2)	\$ (18)

Duke Energy Indiana

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u> (In millions)	<u>Fourth Quarter</u>	<u>Total</u>
2011					
Operating revenues	\$ 659	\$ 620	\$ 718	\$ 625	\$2,622
Operating income (loss)	130	109	(42)	85	282
Net income (loss)	76	68	(31)	55	168
2010					
Operating revenues	\$ 610	\$ 579	\$ 694	\$ 637	\$2,520
Operating income	121	109	149	127	506
Net income	70	57	92	66	285

The following table includes unusual or infrequently occurring items recorded by Duke Energy Indiana in each quarter during the two most recently completed fiscal years. All amounts discussed below are pre-tax unless otherwise noted.

	<u>First Quarter</u>	<u>Second Quarter</u> (In millions)	<u>Third Quarter</u>	<u>Fourth Quarter</u>
2011				
Edwardsport IGCC impairment (see Note 4)	\$ —	\$ —	\$ (222)	\$ —
2010				
Voluntary severance program expenses (see Note 19)	\$ (10)	\$ (16)	\$ (3)	\$ (4)
Edwardsport IGCC impairment (see Note 4)	—	—	(44)	—
Total	\$ (10)	\$ (16)	\$ (47)	\$ (4)

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DUKE ENERGY CORPORATION
SCHEDULE I—CONDENSED PARENT COMPANY FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF OPERATIONS
(In millions, except per-share amounts)

	<u>Years Ended December 31,</u>		
	2011	2010	2009
Operating Revenues	\$ —	\$ —	\$ —
Operating Expenses	6	52	1
Operating Loss	(6)	(52)	(1)
Equity in Earnings of Subsidiaries	1,782	1,384	1,095
Other Income and Expenses, net	21	6	9
Interest Expense	156	139	99
Income Before Income Taxes	1,641	1,199	1,004
Income Tax Benefit	(64)	(118)	(59)
Income From Continuing Operations	1,705	1,317	1,063
Income From Discontinued Operations, net of tax	1	3	12
Net Income	\$1,706	\$1,320	\$1,075
Common Stock Data			
Earnings per share (from continuing operations)			
Basic	\$ 1.28	\$ 1.00	\$ 0.82
Diluted	\$ 1.28	\$ 1.00	\$ 0.82
Earnings (loss) per share (from discontinued operations)			
Basic	\$ —	\$ —	\$ 0.01
Diluted	\$ —	\$ —	\$ 0.01
Earnings per share			
Basic	\$ 1.28	\$ 1.00	\$ 0.83
Diluted	\$ 1.28	\$ 1.00	\$ 0.83
Dividends declared per share	\$ 0.99	\$ 0.97	\$ 0.94
Weighted-average shares outstanding			
Basic	1,332	1,318	1,293
Diluted	1,333	1,319	1,294

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DUKE ENERGY CORPORATION
SCHEDULE I – CONDENSED PARENT COMPANY FINANCIAL STATEMENTS
BALANCE SHEETS
(In millions, except per-share amounts)

	December 31,	
	2011	2010
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 845	\$ 488
Receivables	653	913
Other	100	34
Total current assets	1,598	1,435
Investments and Other Assets		
Notes receivable	450	450
Investment in consolidated subsidiaries	25,670	24,410
Other	571	525
Total investments and other assets	26,691	25,385
Total Assets	\$ 28,289	\$ 26,820
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ —	\$ 138
Notes payable and commercial paper	154	—
Taxes accrued	35	39
Other	65	58
Total current liabilities	254	235
Long-term Debt	4,328	3,222
Other Long-Term Liabilities		
Deferred income taxes	16	—
Other	919	841
Total other long-term liabilities	935	841
Commitments and Contingencies		
Common Stockholders' Equity		
Common Stock, \$0.001 par value, 2 billion shares authorized; 1,336 million and 1,329 million shares outstanding at December 31, 2011 and December 31, 2010, respectively	1	1
Additional paid-in capital	21,132	21,023
Retained earnings	1,873	1,496
Accumulated other comprehensive loss	(234)	2
Total common stockholders' equity	22,772	22,522
Total Liabilities and Common Stockholders' Equity	\$ 28,289	\$ 26,820

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DUKE ENERGY CORPORATION
SCHEDULE I – CONDENSED PARENT COMPANY FINANCIAL STATEMENTS
CONDENSED STATEMENTS OF CASH FLOWS
(In millions)

	Years Ended December 31,		
	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 1,706	\$ 1,320	\$ 1,075
Adjustments to reconcile net income to net cash provided by operating activities	(1,993)	(1,142)	(1,002)
Net cash (used in) provided by operating activities	(287)	178	73
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of available-for-sale securities	(45)	—	—
Proceeds from sales and maturities of available-for-sale securities	105	36	17
Distributions from wholly-owned subsidiaries	299	350	—
Investment in wholly-owned subsidiary	—	—	(250)
Notes receivable from affiliate, net	264	263	(272)
Other	14	6	9
Net cash provided by (used in) investing activities	637	655	(496)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the:			
Issuance of long-term debt	996	522	1,740
Issuance of common stock related to employee benefit plans	67	302	519
Payments for the redemption of long-term debt	—	(274)	—
Notes payable and commercial paper	151	(2)	(269)
Notes Payable due to affiliate	105	—	—
Dividends paid	(1,329)	(1,284)	(1,222)
Other	17	26	15
Net cash provided by (used in) financing activities	7	(710)	783
Net increase in cash and cash equivalents	357	123	360
Cash and cash equivalents at beginning of period	488	365	5
Cash and cash equivalents at end of period	\$ 845	\$ 488	\$ 365

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PART II

**DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – DUKE ENERGY OHIO, INC. –
DUKE ENERGY INDIANA, INC.
Combined Notes To Consolidated Financial Statements – (Continued)**

1. Basis of Presentation

Duke Energy Corporation (Duke Energy) is a holding company that conducts substantially all of its business operations through its subsidiaries. As specified in the merger conditions issued by various state commissions in connection with Duke Energy's merger with Cinergy Corp. (Cinergy) in April 2006, there are restrictions on Duke Energy's ability to obtain funds from certain of its subsidiaries through dividends, loans or advances. For further information, see Note 4 to the Consolidated Financial Statements, "Regulatory Matters." Accordingly, these condensed financial statements have been prepared on a parent-only basis. Under this parent-only presentation, Duke Energy's investments in its consolidated subsidiaries are presented under the equity method of accounting. In accordance with Rule 12-04 of Regulation S-X, these parent-only financial statements do not include all of the information and footnotes required by Generally Accepted Accounting Principles (GAAP) in the United States (U.S.) for annual financial statements. Because these parent-only financial statements and notes do not include all of the information and footnotes required by GAAP in the U.S. for annual financial statements, these parent-only financial statements and other information included should be read in conjunction with Duke Energy's audited Consolidated Financial Statements contained within Part II, Item 8 of this Form 10-K for the year ended December 31, 2011.

Duke Energy and its subsidiaries file a consolidated federal income tax return and other state and foreign jurisdictional returns as required. The taxable income of Duke Energy's wholly-owned operating subsidiaries is reflected in Duke Energy's U.S. federal and state income tax returns. Duke Energy has a tax sharing agreement with its wholly-owned operating subsidiaries, where the separate return method is used to allocate tax expenses and benefits to the wholly-owned operating subsidiaries whose investments or results of operations provide these tax expenses and benefits. The accounting for income taxes essentially represents the income taxes that Duke Energy's wholly-owned operating subsidiaries would incur if each were a separate company filing its own tax return as a C-Corporation.

2. Debt

Summary of Debt and Related Terms

	Weighted-Average Rate	Year Due	December 31,	
			2011	2010
			(in millions)	
Unsecured debt ^(a)	4.3%	2013 – 2021	\$3,878	\$2,772
Notes Payable and commercial paper ^(b)	0.5%		604	450
Total debt			4,482	3,222
Short-term notes payable and commercial paper			(154)	—
Total long-term debt			\$4,328	\$3,222

(a) As of December 31, 2011, this amount includes an intercompany loan of \$105 million with Duke Energy's affiliate, Bison Insurance Company Limited.

(b) Includes \$450 million at December 31, 2011 and 2010 that was classified as Long-term Debt on the Consolidated Balance Sheets due to the existence of long-term credit facilities which backstop these commercial paper balances, along with Duke Energy's ability and intent to refinance these balances on a long-term basis. The weighted-average days to maturity was 17 days and 14 days as of December 31, 2011 and 2010, respectively.

At December 31, 2011, Duke Energy has guaranteed approximately \$2.0 billion of debt issued by Duke Energy Carolinas, LLC, one of Duke Energy's wholly-owned operating subsidiaries.

In November 2011, Duke Energy issued \$500 million of senior notes, which carry a fixed interest rate of 2.15% and mature November 15, 2016. Proceeds from the issuance will be used to fund capital expenditures in Duke Energy's unregulated businesses in the U.S. and for general corporate purposes.

In August 2011, Duke Energy issued \$500 million principal amount of senior notes, which carry a fixed interest rate of 3.55% and mature September 15, 2021. Proceeds from the issuance will be used to repay a portion of Duke Energy's commercial paper as it matures, to fund capital expenditures in Duke Energy's unregulated businesses in the U.S. and for general corporate purposes.

In April 2011, Duke Energy filed a registration statement (Form S-3) with the SEC to sell up to \$1 billion of variable denomination floating rate demand notes, called PremierNotes. The Form S-3 states that no more than \$500 million of the notes will be outstanding at any particular time. The notes are offered on a continuous basis and bear interest at a floating rate per annum determined by the Duke Energy PremierNotes Committee, or its designee, on a weekly basis. The interest rate payable on notes held by an investor may vary based on the principal amount of the investment. The notes have no stated maturity date, but may be redeemed in whole or in part by Duke Energy at any time. The notes are non-transferable and may be redeemed in whole or in part at the investor's option. Proceeds from the sale of the notes will be used for general corporate purposes. The balance as of December 31, 2011 is \$79 million. The notes reflect a short-term debt obligation of Duke Energy and are reflected as Notes payable on Duke Energy's Condensed Consolidated Balance Sheets.

Duke Energy also issued an additional \$75 million in Commercial Paper in the third quarter of 2011, for general corporate purposes, which is classified as Notes payable and commercial paper on Duke Energy's Condensed Consolidated Balance Sheets.

In November 2011, Duke Energy entered into a new \$6 billion, five-year master credit facility, with \$4 billion available at closing and the remaining \$2 billion available following successful completion of the proposed merger with Progress Energy. The Duke Energy Registrants each have borrowing capacity under the master credit facility up to specified sublimits for each borrower. However, Duke Energy has the unilateral ability at any time to increase or decrease the borrowing sublimits of each borrower, subject to a maximum sublimit for each borrower. As of December 31, 2011, Duke Energy has a borrowing sublimit of \$1,250 million. The amount available under the master credit facility has been reduced, by the use of the master credit facility to backstop the issuances of commercial paper, letters of credit and certain tax-exempt bonds.

In March 2010, Duke Energy issued \$450 million principal amount of 3.35% senior notes due April 1, 2015. Proceeds from the issuance were used to repay \$274 million of borrowings under the master credit facility and for general corporate purposes.

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DUKE ENERGY CORPORATION
SCHEDULE I—CONDENSED PARENT COMPANY FINANCIAL STATEMENTS

Annual Maturities as of December 31, 2011

	(in millions)
2012	\$ —
2013	249
2014	1,325
2015	450
2016	950
Thereafter	1,354
Total long-term debt, including current maturities	\$ 4,328

3. Commitments and Contingencies

Duke Energy and its subsidiaries are a party to litigation, environmental and other matters. For further information, see Note 5 to the Consolidated Financial Statements, "Commitments and Contingencies."

Duke Energy has various financial and performance guarantees and indemnifications which are issued in the normal course of business. These contracts include performance guarantees, stand-by letters of credit, debt guarantees, surety bonds and indemnifications. Duke Energy enters into these arrangements to facilitate commercial transactions with third parties by enhancing the value of the transaction to the third party. The maximum potential amount of future payments Duke Energy could have been required to make under these guarantees as of December 31, 2011 was approximately \$4.7 billion. Of this amount, substantially all relates to guarantees of wholly-owned consolidated entities, including debt issued by Duke Energy Carolinas discussed above, and less than wholly-owned consolidated entities. The majority of these guarantees expire at various times between 2012 and 2036, with the remaining performance guarantees having no contractual expiration. See Note 7 to the Consolidated Financial Statements, "Guarantees and Indemnifications," for further discussion of guarantees issued on behalf of unconsolidated affiliates and third parties.

4. Related Party Transactions

Balances due to or due from related parties included in the Balance Sheets as of December 31, 2011 and 2010 are as follows:

	December 31,	
<u>Assets (Liabilities)</u>	2011	2010
	(in millions)	
Current assets due from affiliated companies ^{(a)(b)}	\$ 38	\$ 39
Current liabilities due to affiliated companies ^(c)	\$ —	\$(135)
Non-current liabilities due to affiliated companies ^(d)	\$(871)	\$(766)

- (a) Balance excludes assets or liabilities associated with money pool arrangements, which are discussed below.
 (b) The balances at December 31, 2011 and 2010 are classified as Receivables on the Balance Sheets.
 (c) The balance at December 31, 2010 is classified as Accounts Payable on the Balance Sheets.
 (d) Of the balance at December 31, 2011, \$766 million is classified as Other within Other Long-Term Liabilities and \$105 million is classified as Long-term Debt on the Balance Sheets. The balance at December 31, 2010 is classified as Other within Other Long-Term Liabilities on the Balance Sheets.

Duke Energy provides support to certain subsidiaries for their short-term borrowing needs through participation in a money pool arrangement. Under this arrangement, certain subsidiaries with short-term funds may provide short-term loans to affiliates participating under this arrangement. Additionally, Duke Energy provides loans to subsidiaries through the money pool, but is not permitted to borrow funds through the money pool arrangement. Duke Energy had money pool-related receivables of \$450 million classified as Notes Receivable on the Balance Sheets as of both December 31, 2011 and 2010.

As of December 31, 2011 and 2010, Duke Energy had an intercompany loan outstanding with Cinergy of \$608 million and \$872 million, respectively, which is classified within Receivables on the Balance Sheets. The \$264 million decrease in the intercompany loan during 2011 and the \$263 million decrease during 2010 are reflected as Notes Receivable from Affiliates, net within Net Cash Provided by (Used in) Investing Activities on the Condensed Statements of Cash Flows.

In conjunction with the money pool arrangement and the intercompany loan noted above, Duke Energy recorded interest income of approximately \$4 million, \$7 million and \$12 million in 2011, 2010 and 2009, respectively, which is included in Other Income and Expenses, net on the Condensed Statements of Operations.

Duke Energy also provides funding to and sweeps cash from subsidiaries that do not participate in the money pool. For these subsidiaries, the cash is used in or generated from their operations, capital expenditures, debt payments and other activities. Amounts funded or received are carried as open accounts as either, Investments and Advances to Consolidated Subsidiaries or as Other Non-Current Liabilities and do not bear interest. These amounts are included within Net Cash (Used in) Provided by Operating Activities on the Condensed Statements of Cash Flows.

During the year ended December 31, 2011, Duke Energy received an equity distribution of \$299 million from Duke Energy Carolinas, which is reflected within Net Cash (Used in) Provided by Operating Activities on the Condensed Statements of Cash Flows. Additionally, Duke Energy received an equity distribution from Duke Energy Carolinas of \$350 million in 2010, which is reflected within Net Cash (Used in) Provided by Operating Activities on the Condensed Statements of Cash Flows.

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**DUKE ENERGY CORPORATION
SCHEDULE I—CONDENSED PARENT COMPANY FINANCIAL STATEMENTS**

During the year ended December 31, 2011, Duke Energy paid a \$15 million advance to Cinergy Corp. for Green Frontier Windpower LLC PTC funding contributions. During the year ended December 31, 2010, Duke Energy forgave a \$29 million advance to Cinergy Corp.

During the year ended December 31, 2009, Duke Energy contributed approximately \$250 million of capital to its subsidiary, Duke Energy Carolinas.

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DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – DUKE ENERGY OHIO, INC. – DUKE ENERGY INDIANA, INC.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Duke Energy

	<u>Balance at Beginning of Period</u>	<u>Additions:</u>		<u>Deductions(a)</u>	<u>Balance at End of Period</u>
		<u>Charged to Expense</u>	<u>Charged to Other Accounts (In millions)</u>		
December 31, 2011:					
Injuries and damages ^(b)	\$ 858	\$ —	\$ —	\$ 52	\$ 806
Allowance for doubtful accounts	34	27	—	26	35
Allowance for doubtful accounts – restricted receivables of VIEs ^(c)	34	6	—	—	40
Other	380	74	7	134	327
	\$ 1,306	\$ 107	\$ 7	212	\$ 1,208
December 31, 2010:					
Injuries and damages ^(b)	\$ 984	\$ 1	\$ —	\$ 127	\$ 858
Allowance for doubtful accounts	42	26	—	34	34
Allowance for doubtful accounts – restricted receivables of VIEs ^(c)	6	7	22	1	34
Other	396	120	44	180	380
	\$ 1,428	\$ 154	\$ 66	342	\$ 1,306
December 31, 2009:					
Injuries and damages ^(b)	\$ 1,035	\$ —	\$ —	\$ 51	\$ 984
Allowance for doubtful accounts	42	23	9	26	48
Other	555	52	24	235	396
	\$ 1,632	\$ 75	\$ 33	\$ 312	\$ 1,428

(a) Principally cash payments and reserve reversals.

(b) Principally asbestos reserves at Duke Energy Carolinas.

(c) Principally allowance for CRC which was consolidated on January 1, 2010.

(d) Principally nuclear property insurance reserves at Duke Energy Carolinas, insurance reserves at Bison and other reserves, included in Other within Current Liabilities or Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

The valuation and reserve amounts above do not include unrecognized tax benefits amounts or deferred tax asset valuation allowance amounts.

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PART II
**DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – DUKE ENERGY OHIO, INC. –
DUKE ENERGY INDIANA, INC.**
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
Duke Energy Carolinas

	<u>Balance at Beginning of Period</u>	<u>Charged to Expense</u>	<u>Additions : Charged to Other Accounts (In millions)</u>	<u>Deductions(a)</u>	<u>Balance at End of Period</u>
December 31, 2011:					
Injuries and damages ^(b)	\$ 853	\$ —	\$ —	\$ 52	\$ 801
Allowance for doubtful accounts	3	15	—	15	3
Allowance for doubtful accounts – restricted receivables of VIEs	6	—	—	—	6
Other	133	1	—	33	101
	995	\$ 16	\$ —	\$ 100	911
December 31, 2010:					
Injuries and damages ^(b)	\$ 980	\$ —	\$ —	\$ 127	\$ 853
Allowance for doubtful accounts	2	17	—	16	3
Allowance for doubtful accounts – restricted receivables of VIEs	6	1	—	1	6
Other	124	31	3	25	133
	\$ 1,112	\$ 49	\$ 3	\$ 169	995
December 31, 2009:					
Injuries and damages ^(b)	\$ 1,031	\$ —	\$ —	\$ 51	\$ 980
Allowance for doubtful accounts	7	17	—	16	8
Other	200	4	—	80	124
	\$ 1,238	\$ 21	\$ —	\$ 147	\$ 1,112

(a) Principally cash payments and reserve reversals.

(b) Principally asbestos reserves.

(c) Principally nuclear property insurance and other reserves, included in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

The valuation and reserve amounts above do not include unrecognized tax benefits amounts or deferred tax asset valuation allowance amounts.

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DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – DUKE ENERGY OHIO, INC. DUKE ENERGY INDIANA, INC.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Duke Energy Ohio

	<u>Balance at Beginning of Period</u>	<u>Charged to Expense</u>	<u>Additions : Charged to Other Accounts (In millions)</u>	<u>Deductions(a)</u>	<u>Balance at End of Period</u>
Year Ended December 31, 2011:					
Allowance for doubtful accounts	\$ 18	\$ —	\$ —	\$ 2	\$ 16
Environmental ^(b)	49	—	5	26	28
Uncertain Tax Provisions ^(c)	10	11	—	—	21
Other	1	6	—	2	5
	\$ 78	\$ 17	\$ 5	\$ 30	\$ 70
Year Ended December 31, 2010:					
Allowance for doubtful accounts	\$ 17	\$ 1	\$ —	\$ —	\$ 18
Environmental ^(b)	20	—	39	10	49
Uncertain Tax Provisions	—	20	—	10	10
Other	11	—	—	10	1
	\$ 48	\$ 21	\$ 39	\$ 30	\$ 78
Year Ended December 31, 2009:					
Allowance for doubtful accounts	\$ 18	\$ 1	\$ —	\$ 2	\$ 17
Environmental ^(b)	11	(10)	21	2	20
Other	11	2	—	2	11
	\$ 40	\$ (7)	\$ 21	\$ 6	\$ 48

(a) Principally cash payments and reserve reversals.

(b) Included in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets. In 2009, PUCO issued an order allowing the deferral of costs related to Manufactured Gas Plant sites into a regulatory asset, which resulted in a net credit to expense during 2009.

(c) Principally mark-to-market and other reserves, included in Unrealized gains on mark-to-market and hedging transactions within Current Assets and Other within Investments and Other Assets, Unrealized losses on mark-to-market and hedging transactions within Current Liabilities and Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

(d) Included in Taxes accrued and Interest accrued within Current Liabilities on the Consolidated Balance Sheets.

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PART II

**DUKE ENERGY CORPORATION DUKE ENERGY CAROLINAS, LLC – DUKE ENERGY OHIO, INC.
DUKE ENERGY INDIANA, INC.**

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

Duke Energy Indiana

	<u>Balance at Beginning of Period</u>	<u>Charged to Expense</u>	<u>Charged to Other Accounts</u> (In millions)	<u>Deductions(a)</u>	<u>Balance at End of Period</u>
December 31, 2011:					
Injuries and damages	\$ 4	\$ —	\$ —	\$ —	\$ 4
Allowance for doubtful accounts	1	—	—	—	1
Other	12	5	—	5	12
	\$ 17	\$ 5	\$ —	\$ 5	\$ 17
December 31, 2010:					
Injuries and damages	\$ 4	\$ —	\$ —	\$ —	\$ 4
Allowance for doubtful accounts	1	—	—	—	1
Other	18	1	—	7	12
	\$ 23	\$ 1	\$ —	\$ 7	\$ 17
December 31, 2009:					
Injuries and damages	\$ 4	\$ —	\$ —	\$ —	\$ 4
Allowance for doubtful accounts	1	1	—	1	1
Other	15	5	—	2	18
	\$ 20	\$ 6	\$ —	\$ 3	\$ 23

(a) Principally cash payments and reserve reversals.

(b) Principally environmental reserves included in Other within Deferred Credits and Other Liabilities on the Consolidated Balance Sheets.

The valuation and reserve amounts above do not include unrecognized tax benefits amounts or deferred tax asset valuation allowance amounts.

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PART II

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures – Duke Energy, Duke Energy Carolinas, Duke Energy Ohio and Duke Energy Indiana.

Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Securities Exchange Act of 1934 (Exchange Act) is recorded, processed, summarized, and reported, within the time periods specified by the Securities and Exchange Commission's (SEC) rules and forms.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Duke Energy Registrants in the reports they file or submit under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated the effectiveness of their disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of December 31, 2011, and, based upon this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are effective in providing reasonable assurance of compliance.

Changes in Internal Control over Financial Reporting

Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Duke Energy Registrants have evaluated changes in internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter ended December 31, 2011 and have concluded no change has materially affected, or is reasonably likely to materially affect, internal control over financial reporting.

Management's Annual Report On Internal Control Over Financial Reporting

The Duke Energy Registrants' management is responsible for establishing and maintaining an adequate system of internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Duke Energy Registrants' internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with U.S. generally accepted accounting principles. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

The Duke Energy Registrants' management, including their Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of their internal control over financial reporting as of December 31, 2011 based on the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, management concluded that its internal controls over financial reporting were effective as of December 31, 2011.

Deloitte & Touche LLP, Duke Energy's independent registered public accounting firm, has issued an attestation report on the effectiveness of Duke Energy's internal control over financial reporting.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Duke Energy will provide information that is responsive to this Item 10 in its definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption "Directors and Executive Officers," and possibly elsewhere therein. That information is incorporated in this Item 10 by reference.

Item 11. Executive Compensation.

Duke Energy will provide information that is responsive to this Item 11 in its definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption "Executive Compensation," and possibly elsewhere therein. That information is incorporated in this Item 11 by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Duke Energy will provide information that is responsive to this Item 12 in its definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters," and possibly elsewhere therein. That information is incorporated in this Item 12 by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Duke Energy will provide information that is responsive to this Item 13 in its definitive proxy statement or in an amendment to this Annual Report not later than 120 days after the end of the fiscal year covered by this Annual Report, in either case under the caption "Certain Relationships and Related Transactions," and possibly elsewhere therein. That information is incorporated in this Item 13 by reference.

Item 14. Principal Accounting Fees and Services.

Deloitte & Touche LLP, and the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, Deloitte) provided professional services to Duke Energy Corporation (Duke Energy) and its consolidated subsidiaries for 2011 and 2010. A portion of these costs have been allocated to Duke Energy Carolinas, LLC (Duke Energy Carolinas), Duke Energy Ohio, Inc. (Duke Energy Ohio) and Duke Energy Indiana, Inc. (Duke Energy Indiana), collectively referred to as the Subsidiary Registrants. The following tables present the Deloitte fees for services rendered to Duke Energy and the Subsidiary Registrants during 2011 and 2010:

		Duke Energy (In millions)			
Types of Fees				2011	2010
Audit Fees ^(a)				\$ 8.5	\$ 8.5
Audit-Related Fees ^(b)				2.8	2.1
Tax Fees ^(c)				0.2	0.8
Total Fees:				\$11.5	\$11.4

		Subsidiary Registrants (In millions)					
		Duke Energy Carolinas		Duke Energy Ohio		Duke Energy Indiana	
Types of Fees		2011	2010	2011	2010	2011	2010
Audit Fees ^(a)		\$ 3.9	\$ 4.2	\$ 2.1	\$ 1.8	\$ 1.1	\$ 1.3
Audit-Related Fees ^(b)		1.2	1.1	0.7	0.4	0.4	0.3
Tax Fees ^(c)		0.1	0.4	—	0.2	—	0.1
Total Fees:		\$ 5.2	\$ 5.7	\$ 2.8	\$ 2.4	\$ 1.5	\$ 1.7

- (a) Audit Fees are fees billed or expected to be billed for professional services for the audit of Duke Energy and the Subsidiary Registrants' financial statements included in the annual report on Form 10-K and the review of financial statements included in quarterly reports on Form 10-Q, for services that are normally provided by Deloitte in connection with statutory, regulatory or other filings or engagements or for any other service performed by Deloitte to comply with generally accepted auditing standards.
- (b) Audit-Related Fees are fees for assurance and related services that are reasonably related to the performance of an audit or review of financial statements, including assistance with acquisitions and divestitures and internal control reviews.
- (c) Tax Fees are fees for tax return assistance and preparation, tax examination assistance, and professional services related to tax planning and tax strategy.

To safeguard the continued independence of the independent auditor, the Duke Energy Audit Committee adopted a policy that provides that the independent public accountants are only permitted to provide services to Duke Energy and its consolidated subsidiaries, including the Subsidiary Registrants that have been pre-approved by the Duke Energy Audit Committee. Pursuant to the policy, detailed audit services, audit-related services, tax services and certain other services have been specifically pre-approved up to certain fee limits. In the event that the cost of any of these services may exceed the pre-approved limits, the Duke Energy Audit Committee must pre-approve the service. All other services that are not prohibited pursuant to the Securities and Exchange Commission's or other applicable regulatory bodies' rules of regulations must be specifically pre-approved by the Duke Energy Audit Committee. All services performed in 2011 and 2010 by the independent public accountant were approved by the Duke Energy Audit Committee pursuant to its pre-approval policy.

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PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) Consolidated Financial Statements, Supplemental Financial Data and Supplemental Schedules included in Part II of this annual report are as follows:

Duke Energy Corporation:

Consolidated Financial Statements
Consolidated Statements of Operations for the Years Ended December 31, 2011, 2010 and 2009
Consolidated Balance Sheets as of December 31, 2011 and 2010
Consolidated Statements of Cash Flows for the Years Ended December 31, 2011, 2010 and 2009
Consolidated Statements of Equity and Comprehensive Income for the Years ended December 31, 2011, 2010 and 2009
Notes to the Consolidated Financial Statements
Quarterly Financial Data, (unaudited, included in Note 24 to the Consolidated Financial Statements)
Consolidated Financial Statement Schedule I—Condensed Parent Company Financial Information for the Years Ended December 31, 2011, 2010 and 2009
Consolidated Financial Statement Schedule II—Valuation and Qualifying Accounts and Reserves for the Years Ended December 31, 2011, 2010 and 2009
Report of Independent Registered Public Accounting Firm

Duke Energy Carolinas, LLC:

Consolidated Financial Statements
Consolidated Statements of Operations for the Years Ended December 31, 2011, 2010 and 2009
Consolidated Balance Sheets as of December 31, 2011 and 2010
Consolidated Statements of Cash Flows for the Years Ended December 31, 2011, 2010 and 2009
Consolidated Statements of Member's Equity and Comprehensive Income for the Years ended December 31, 2011, 2010 and 2009
Notes to the Consolidated Financial Statements
Quarterly Financial Data, (unaudited, included in Note 24 to the Consolidated Financial Statements)
Consolidated Financial Statement Schedule II—Valuation and Qualifying Accounts and Reserves for the Years Ended December 31, 2011, 2010 and 2009
Report of Independent Registered Public Accounting Firm
All other schedules are omitted because they are not required, or because the required information is included in the Consolidated Financial Statements or Notes.

Duke Energy Ohio, Inc:

Consolidated Financial Statements
Consolidated Statements of Operations for the Years Ended December 31, 2011, 2010 and 2009
Consolidated Balance Sheets as of December 31, 2011 and 2010
Consolidated Statements of Cash Flows for the Years Ended December 31, 2011, 2010 and 2009
Consolidated Statements of Common Stockholder's Equity and Comprehensive Income for the Years Ended December 31, 2011, 2010 and 2009
Notes to the Consolidated Financial Statements
Quarterly Financial Data (unaudited, included in Note 24 to the Consolidated Financial Statements)
Consolidated Financial Statement Schedule II—Valuation and Qualifying Accounts and Reserves for the Years Ended December 31, 2011, 2010 and 2009
Report of Independent Registered Public Accounting Firm
All other schedules are omitted because they are not required, or because the required information is included in the Consolidated Financial Statements or Notes.

Duke Energy Indiana, Inc:

Consolidated Financial Statements
Consolidated Statements of Operations for the Years Ended December 31, 2011, 2010 and 2009
Consolidated Balance Sheets as of December 31, 2011 and 2010
Consolidated Statements of Cash Flows for the Years Ended December 31, 2011, 2010 and 2009
Consolidated Statements of Common Stockholder's Equity and Comprehensive Income for the Years Ended December 31, 2011, 2010 and 2009
Notes to the Consolidated Financial Statements
Quarterly Financial Data (unaudited, included in Note 24 to the Consolidated Financial Statements)
Consolidated Financial Statement Schedule II—Valuation and Qualifying Accounts and Reserves for the Years Ended December 31, 2011, 2010 and 2009
Report of Independent Registered Public Accounting Firm
All other schedules are omitted because they are not required, or because the required information is included in the Consolidated Financial Statements or Notes.

(b) Exhibits—See Exhibit Index immediately following the signature page.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned thereunto duly authorized.

Date: February 28, 2012

DUKE ENERGY CORPORATION
(Registrants)

By: /s/ JAMES E. ROGERS
James E. Rogers
Chairman, President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

(i) /s/ JAMES E. ROGERS
James E. Rogers
Chairman, President and Chief Executive Officer (Principal Executive Officer and Director)

(ii) /s/ LYNN J. GOOD
Lynn J. Good
Group Executive and Chief Financial Officer (Principal Financial Officer)

(iii) /s/ STEVEN K. YOUNG
Steven K. Young
Senior Vice President and Controller (Principal Accounting Officer)

(iv) Directors:

William Barnet, III*
G. Alex Bernhardt, Sr.*
Michael G. Browning*
Daniel R. DiMicco*
John H. Forsgren*

Ann M. Gray*
James H. Hance, Jr.*
E. James Reinsch*
James T. Rhodes*
Philip R. Sharp*

Date: February 28, 2012

Lynn J. Good, by signing her name hereto, does hereby sign this document on behalf of the registrant and on behalf of each of the above-named persons previously indicated by asterisk pursuant to a power of attorney duly executed by the registrant and such persons, filed with the Securities and Exchange Commission as an exhibit hereto.

By: /s/ LYNN J. GOOD
Attorney-In-Fact

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PART IV

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 28, 2012

DUKE ENERGY CAROLINAS, LLC
(Registrant)

By: /s/ JAMES E. ROGERS
James E. Rogers
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

(i) /s/ JAMES E. ROGERS
James E. Rogers
Chief Executive Officer (Principal Executive Officer)

(ii) /s/ LYNN J. GOOD
Lynn J. Good
Chief Financial Officer (Principal Financial Officer)

(iii) /s/ STEVEN K. YOUNG
Steven K. Young
Senior Vice President and Controller (Principal Accounting Officer)

(iv) Directors:

/s/ JAMES E. ROGERS
James E. Rogers

/s/ LYNN J. GOOD
Lynn J. Good

/s/ MARC E. MANLY
Marc E. Manly

Date: February 28, 2012

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 28, 2012

DUKE ENERGY OHIO, INC.
(Registrant)

By: /s/ JAMES E. ROGERS
James E. Rogers
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

(i) /s/ JAMES E. ROGERS
James E. Rogers
Chief Executive Officer (Principal Executive Officer)

(ii) /s/ LYNN J. GOOD
Lynn J. Good
Chief Financial Officer (Principal Financial Officer)

(iii) /s/ STEVEN K. YOUNG
Steven K. Young
Senior Vice President and Controller (Principal Accounting Officer)

(iv) Directors:

/s/ JAMES E. ROGERS
James E. Rogers

/s/ LYNN J. GOOD
Lynn J. Good

/s/ MARC E. MANLY
Marc E. Manly

Date: February 28, 2012

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 28, 2012

DUKE ENERGY INDIANA, INC.
(Registrant)

By: /s/ JAMES E. ROGERS
James E. Rogers
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

(i) /s/ JAMES E. ROGERS
James E. Rogers
Chief Executive Officer (Principal Executive Officer)

(ii) /s/ LYNN J. GOOD
Lynn J. Good
Chief Financial Officer (Principal Financial Officer)

(iii) /s/ STEVEN K. YOUNG
Steven K. Young
Senior Vice President and Controller (Principal Accounting Officer)

(iv) Directors:

/s/ KELLEY A. KARN
Kelley A. Karn

/s/ DOUGLAS F. ESAMANN
Douglas F. Esamann

/s/ MARC E. MANLY
Marc E. Manly

Date: February 28, 2012

Table of Contents**PART IV****EXHIBIT INDEX**

Exhibits filed herewith are designated by an asterisk (*). All exhibits not so designated are incorporated by reference to a prior filing, as indicated. Items constituting management contracts or compensatory plans or arrangements are designated by a double asterisk (**). The Company agrees to furnish upon request to the Commission a copy of any omitted schedules or exhibits upon request on all items designated by a triple asterisk (***)

<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
2.1	Agreement and Plan of Merger, dated as of May 8, 2005, as amended as of July 11, 2005, as of October 3, 2005 and as of March 30, 2006, by and among the registrant, Duke Energy Corporation, Cinergy Corp., Deer Acquisition Corp., and Cougar Acquisition Corp. (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 4, 2006, as Exhibit 2-1).	X	X		
2.2	Separation and Distribution Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp (filed with the Form 8-K of Duke Energy Corporation, File No. 1-32853, December 15, 2006, as Exhibit 2.1).	X			
2.3	Agreement and Plan of Merger by and among Duke Energy Corporation, Diamond Acquisition Corporation and Progress Energy, Inc. dated as of January 8, 2011 (filed with the Form 8-K of Duke Energy Corporation, File No. 1-32583, January 11, 2011).	X			
3.1	Amended and restated Certificate of Incorporation (filed with the Form 8-K of Duke Energy Corporation, File No. 1-32853, April 4, 2006, as Exhibit 3-1).	X			
3.2	Articles of Organization Including Articles of Conversion (filed with Form 8-K of registrant, File No. 1-4928, April 7, 2006, as exhibit 3.1).		X		
3.2.1	Amended Certificate of Incorporation, effective October 1, 2006 (filed with the Form 10-Q of the registrant for the quarter ended September 30, 2006, File No. 1-4928, as exhibit 3.1).		X		
3.3	Amended Articles of Incorporation of Duke Energy Ohio, Inc. effective October 23, 1996 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 1996, File No. 1-1232).			X	
3.3.1	Amended Articles of Consolidation, effective October 1, 2006 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 2006, File No. 1-1232).			X	
3.4	Amended Articles of Consolidation of PSI, as amended April 20, 1995 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended June 30, 1995, File No. 1-3543).				X
3.4.1	Amendment to Article D of the Amended Articles of Consolidation of PSI, effective July 10, 1997 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1997, File No. 1-3543).				X

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
3.4.2	Amended Articles of Consolidation, effective October 1, 2006 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 2006, File No. 1-3543).				X
3.5	Amended and Restated By-Laws of registrant (filed with the Form 8-K of Duke Energy Corporation, File No. 1-32853, March 3, 2008, as Exhibit 3.1).	X			
3.6	Limited Liability Company Operating Agreement (filed with Form 8-K of registrant, File No. 1-4928, April 7, 2006, as exhibit 3.1).		X		
3.7	Regulations of Duke Energy Ohio, Inc., as amended on July 23, 2003 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended June 30, 2003, File No. 1-1232).			X	

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
3.8	By-Laws of PSI, as amended on July 23, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended June 30, 2003, File No. 1-3543).			X
4.1	Original Indenture (First Mortgage Bonds) between Duke Energy Ohio, Inc. and The Bank of New York (as Trustee) dated as of August 1, 1936 (filed with Registration Statement of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) File No. 2-2374).		X	
4.1.1	Fourteenth Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of November 2, 1972 (filed with Registration Statement of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) File No. 2-60961).		X	
4.1.2	Thirty-third Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of September 1, 1992 (filed with Registration Statement of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) File No. 2-53578).		X	
4.1.3	Thirty-fourth Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of October 1, 1993 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 1993, File No. 1-1232).		X	
4.1.4	Thirty-fifth Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of January 1, 1994 (filed with Registration Statement of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) File No. 2-52335).		X	
4.1.5	Thirty-sixth Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of February 15, 1994 (filed with Registration Statement of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) File No. 2-52335).		X	
4.1.6	Thirty-seventh Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of October 14, 1996 (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 1996, File No. 1-1232).		X	
4.1.7	Thirty-eighth Supplemental Indenture between Duke Energy Ohio, Inc. and The Bank of New York dated as of February 1, 2001 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended March 31, 2001, File No. 1-1232).		X	
4.1.8	Thirty-ninth Supplemental Indenture dated as of September 1, 2002, between Duke Energy Ohio, Inc. and The Bank of New York, as Trustee (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 2002, File No. 1-1232).		X	

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
4.2	Original Indenture (First Mortgage Bonds) dated September 1, 1939, between PSI and The First National Bank of Chicago, as Trustee, and LaSalle National Bank, as Successor Trustee (filed as Exhibit A-Part 5 in File No. 70-258 Supplemental Indenture dated March 30, 1984).				X
4.2.1	Forty-second Supplemental Indenture between PSI and LaSalle National Bank dated August 1, 1988 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1988, File No. 1-3543).				X
4.2.2	Forty-fourth Supplemental Indenture between PSI and LaSalle National Bank dated March 15, 1990 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1990, File No. 1-3543).				X
4.2.3	Forty-fifth Supplemental Indenture between PSI and LaSalle National Bank dated March 15, 1990 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1990, File No. 1-3543).				X

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
4.2.4	Forty-sixth Supplemental Indenture between PSI and LaSalle National Bank dated June 1, 1990 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1991, File No. 1-3543).			X
4.2.5	Forty-seventh Supplemental Indenture between PSI and LaSalle National Bank dated July 15, 1991 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1991, File No. 1-3543).			X
4.2.6	Forty-eighth Supplemental Indenture between PSI and LaSalle National Bank dated July 15, 1992 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1992, File No. 1-3543).			X
4.2.7	Forty-ninth Supplemental Indenture between PSI and LaSalle National Bank dated February 15, 1993 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1992, File No. 1-3543).			X
4.2.8	Fiftieth Supplemental Indenture between PSI and LaSalle National Bank dated February 15, 1993 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1992, File No. 1-3543).			X
4.2.9	Fifty-first Supplemental Indenture between PSI and LaSalle National Bank dated February 1, 1994 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1993, File No. 1-3543).			X
4.2.10	Fifty-second Supplemental Indenture between PSI and LaSalle National Bank, as Trustee, dated as of April 30, 1999 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended March 31, 1999, File No. 1-3543).			X
4.2.11	Fifty-third Supplemental Indenture between PSI and LaSalle National Bank dated June 15, 2001 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended June 30, 2001, File No. 1-3543).			X
4.2.12	Fifty-fourth Supplemental Indenture dated as of September 1, 2002, between PSI and LaSalle Bank National Association, as Trustee (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 2002, File No. 1-3543).			X
4.2.13	Fifty-fifth Supplemental Indenture between PSI and LaSalle National Bank dated February 15, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 2003, File No. 1-3543).			X
4.2.14	Fifty-Sixth Supplemental Indenture dated as of December 1, 2004, between PSI and LaSalle Bank National Association, as Trustee (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 2004, File No. 1-3543).			X

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
4.3	Repayment Agreement between Duke Energy Ohio, Inc. and The Dayton Power and Light Company dated as of December 23, 1992 (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 1992, File No. 1-1232).		X	
4.4	Indenture dated November 15, 1996, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1996, File No. 1-3543).			X
4.4.1	First Supplemental Indenture dated November 15, 1996, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1996, File No. 1-3543).			X

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
4.4.2	Third Supplemental Indenture dated as of March 15, 1998, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1997, File No. 1-3543).				X
4.4.3	Fourth Supplemental Indenture dated as of August 5, 1998, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended June 30, 1998, File No. 1-3543).				X
4.4.4	Fifth Supplemental Indenture dated as of December 15, 1998, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1998, File No. 1-3543).				X
4.4.5	Sixth Supplemental Indenture dated as of April 30, 1999, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended March 31, 1999, File No. 1-3543).				X
4.4.6	Seventh Supplemental Indenture dated as of October 20, 1999, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1999, File No. 1-3543).				X
4.4.7	Eighth Supplemental Indenture dated as of September 23, 2003, between PSI and The Fifth Third Bank, as Trustee (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 2003, File No. 1-3543).				X
4.4.8	Tenth Supplemental Indenture dated as of June 9, 2006, between PSI Energy, Inc. and The Bank of New York Trust Company, N.A. (successor trustee to Fifth Third Bank), as Trustee (filed with Form 8-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.), filed on June 15, 2006, File No. 1-3543).				X
4.5	Loan Agreement between Duke Energy Ohio, Inc. and the State of Ohio Air Quality Development Authority dated as of September 13, 1995 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 1995, File No. 1-1232).			X	
4.6	Twenty-fifth Supplemental Indenture between PSI and The First National Bank of Chicago dated September 1, 1978 (filed with the registration statement of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.), File No. 2-62543).				X
4.6.1	Thirty-fifth Supplemental Indenture between PSI and The First National Bank of Chicago dated March 30, 1984 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1984, File No. 1-3543).				X

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
4.7	Loan Agreement between Duke Energy Ohio, Inc. and the State of Ohio Air Quality Development Authority dated August 1, 2001 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 2001, File No. 1-1232).		X	
4.8	Indenture (Secured Medium-term Notes, Series A), dated July 15, 1991, between PSI and LaSalle National Bank, as Trustee (filed with Form 10-K/A No. 2 of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1992, filed on July 15, 1993, File No. 1-3543).			X
4.9	Original Indenture (Unsecured Debt Securities) between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of May 15, 1995 (filed with the registration statement on Form 8-A, filed on July 24, 1995, File No. 1-1232).		X	

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
4.9.1	First Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of June 1, 1995 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended June 30, 1995, File No. 1-1232).			X
4.9.2	Second Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of June 30, 1995 (filed with the registration statement on Form 8-A, filed on July 24, 1995, File No. 1-1232).			X
4.9.3	Third Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of October 9, 1997 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 1997, File No. 1-1232).			X
4.9.4	Fourth Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of April 1, 1998 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended March 31, 1998, File No. 1-1232).			X
4.9.5	Fifth Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of June 9, 1998 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended June 30, 1998, File No. 1-1232).			X
4.9.6	Sixth Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of September 15, 2002 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 2002, File No. 1-1232).			X
4.9.7	Seventh Supplemental Indenture between Duke Energy Ohio, Inc. and The Fifth Third Bank dated as of June 15, 2003 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended June 30, 2003, File No. 1-1232).			X
4.10	Indenture (Secured Medium-term Notes, Series B), dated July 15, 1992, between PSI and LaSalle National Bank, as Trustee (filed with Form 10-K/A No. 2 of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1992, filed on July 15, 1993, File No. 1-3543).			X
4.11	Loan Agreement between Duke Energy Ohio, Inc. and the Ohio Air Quality Development Authority dated as of September 1, 2002 (filed with the Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended September 30, 2002, File No. 1-1232).			X
4.12	Loan Agreement between PSI and the City of Princeton, Indiana dated as of November 7, 1996 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinias</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
4.13	Loan Agreement between Duke Energy Ohio, Inc. and the Ohio Air Quality Development Authority dated as of November 1, 2004, relating to Series A (filed with the Form 8-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company), filed on November 19, 2004, File No. 1-1232).		X	
4.14	Loan Agreement between PSI and the City of Princeton, Indiana dated as of February 1, 1997 (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1996, File No. 1-3543).			X
4.15	Loan Agreement between Duke Energy Ohio, Inc. and the Ohio Air Quality Development Authority dated as of November 1, 2004, relating to Series B (filed with the Form 8-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company), filed on November 19, 2004, File No. 1-1232).		X	
4.16	Unsecured Promissory Note dated October 14, 1998, between PSI and the Rural Utilities Service (filed with Form 10-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the year ended December 31, 1998, File No. 1-3543).			X

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
4.17	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of July 15, 1998 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended June 30, 1998, File No. 1-3543).			X
4.18	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of May 1, 2000 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended June 30, 2000, File No. 1-3543).			X
4.19	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of September 1, 2002 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 2002 File No. 1-3543).			X
4.20	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of September 1, 2002 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 2002, File No. 1-3543).			X
4.21	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of February 15, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended March 31, 2003, File No. 1-3543).			X
4.22	6.302% Subordinated Note between PSI and Cinergy Corp., dated February 5, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended March 31, 2003, File No. 1-3543).			X
4.23	6.403% Subordinated Note between PSI and Cinergy Corp., dated February 5, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended March 31, 2003, File No. 1-3543).			X
4.24	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of December 1, 2004, relating to Series 2004B (filed with Form 8-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.), filed on December 9, 2004, File No. 1-3543).			X
4.25	Loan Agreement between PSI and the Indiana Development Finance Authority dated as of December 1, 2004, relating to Series 2004C (filed with Form 8-K of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.), filed on December 9, 2004, File No. 1-3543).			X
4.26	Form of Sixth Supplemental Indenture, dated as of November 17, 2011, to the Indenture, dated as of June 3, 2008, between Duke Energy Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee (filed with Form 8-K of Duke Energy Corporation, November 17, 2011, File No. 1-32853, as Exhibit 4.1).	X		

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
4.27	Form of Fifth Supplemental Indenture, dated as of August 25, 2011, to the Indenture, dated as of June 3, 2008, between Duke Energy Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee (filed with Form 8-K of Duke Energy Corporation, August 25, 2011, File No. 1-32583, Exhibit 4.1).	X		
4.28	Ninety-third Supplemental Indenture dated as of May 19, 2011 between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (filed with Form 8-K of Duke Energy Carolinas, May 19, 2011, File No. 1-04928, as Exhibit 4.1).	X		
4.29	Ninety-fourth Supplemental Indenture dated as of December 8, 2011 between Duke Energy Carolinas, LLC and The Bank of New York Mellon Trust Company, N.A., as Trustee (filed with Form 8-K of Duke Energy Carolinas, December 8, 2011, File No. 1-04928, as Exhibit 4.1).	X		
10.1	Purchase and Sale Agreement dated as of January 8, 2006, by and among Duke Energy Americas, LLC, and LSP Bay II Harbor Holding, LLC (filed with the Form 10-Q of the registrant for the quarter ended March 31, 2006, File No. 1-32853, as Exhibit 10.2).	X		
10.1.1	Amendment to Purchase and Sale Agreement, dated as of May 4, 2006, by and among Duke Energy Americas, LLC, LS Power Generation, LLC (formerly known as LSP Bay II Harbor Holding, LLC), LSP Gen Finance Co, LLC, LSP South Bay Holdings, LLC, LSP Oakland Holdings, LLC, and LSP Morro Bay Holdings, LLC ((filed with the Form 10-Q of the registrant for the quarter ended March 31, 2006, File No. 1-32853, as Exhibit 10.2.1).	X		
10.2	Purchase and Sale Agreement dated as of January 8, 2006, by and among Duke Energy Americas, LLC, and LSP Bay II Harbor Holding, LLC (filed with Form 10-Q of Duke Energy Corporation (formerly known as Duke Energy Holding Corp.) for the quarter ended March 31, 2006, File No. 1-32853, as exhibit 10.2).	X		
10.2.1	Amendment to Purchase and Sale Agreement, dated as of May 4, 2006, by and among Duke Energy Americas, LLC, LS Power Generation, LLC (formerly known as LSP Bay II Harbor Holding, LLC), LSP Gen Finance Co, LLC, LSP South Bay Holdings, LLC, LSP Oakland Holdings, LLC, and LSP Morro Bay Holdings, LLC (filed with Form 10-Q of Duke Energy Corporation (formerly known as Duke Energy Holding Corp.) for the quarter ended March 31, 2006, File No. 1-32853, as exhibit 10.2.1	X		

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.3	Employment Agreement dated February 4, 2004, among Cinergy Corp., Duke Energy Ohio, Inc., and Duke Energy, Indiana, Inc., and James E. Rogers (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 2003, File No. 1-1232).		X	
10.4	Employment Agreement dated February 4, 2004, among Cinergy Corp., The Cincinnati Gas & Electric Company (CG&E), and PSI, and James E. Rogers (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.5**	Directors' Charitable Giving Program (filed with Form 10-K of Duke Energy Carolinas, LLC for the year ended December 31, 1992, File No. 1-4928, as Exhibit 10-P).	X		
10.5.1**	Amendment to Directors' Charitable Giving Program dated June 18, 1997 (filed with Form 10-K of Duke Energy Carolinas, LLC for the year ended December 31, 2003, File No. 1-4928, as Exhibit 10-1.1).	X		
10.5.2**	Amendment to Directors' Charitable Giving Program dated July 28, 1997 (filed with Form 10-K of Duke Energy Carolinas, LLC for the year ended December 31, 2003, File No. 1-4928, as Exhibit 10-1.2).	X		
10.5.3**	Amendment to Directors' Charitable Giving Program dated February 18, 1998 (filed with Form 10-K of Duke Energy Carolinas, LLC for the year ended December 31, 2003, File No. 1-4928, as Exhibit 10-1.3).	X		
10.6	Fifteenth Supplemental Indenture, dated as of April 3, 2006, among the registrant, Duke Energy and JPMorgan Chase Bank, N.A. (as successor to Guaranty Trust Company of New York), as trustee (the "Trustee"), supplementing the Senior Indenture, dated as of September 1, 1998, between Duke Power Company LLC (formerly Duke Energy Corporation) and the Trustee (filed with Form 10-Q of Duke Energy Corporation, File No. 1-32853, August 9, 2006, as exhibit 10.1).		X	
10.7	Amended and Restated Employment Agreement dated October 11, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and William J. Grealis (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 2002, File No. 1-1232).		X	
10.7.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated October 11, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and William J. Grealis (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 2002, File No. 1-1232).		X	
10.8	Amended and Restated Employment Agreement dated October 11, 2002, among Cinergy Corp., Services, CG&E, and PSI, and William J. Grealis (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.8.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated October 11, 2002, among Cinergy Corp., Services, CG&E, and PSI, and William J. Grealis (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).		X	
10.9**	Duke Energy Corporation 1998 Long-Term Incentive Plan, as amended (filed as Exhibit 1 to Schedule 14A of Duke Energy Carolinas, LLC, March 28, 2003, File No. 1-4928).	X		
10.10	Agreements with Piedmont Electric Membership Corporation, Rutherford Electric Membership Corporation and Blue Ridge Electric Membership Corporation to provide wholesale electricity and related power scheduling services from September 1, 2006 through December 31, 2021 (filed with Form 10-Q of Duke Energy Corporation, File No. 1-32853, August 9, 2006, as exhibit 10.15).		X	

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.11	Amended and Restated Employment Agreement dated October 1, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and Donald B. Ingle, Jr. (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 2002, File No. 1-1232).		X	
10.12	Amended and Restated Employment Agreement dated October 1, 2002, among Cinergy Corp., Services, CG&E, and PSI, and Donald B. Ingle, Jr. (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.13**	Duke Energy Corporation Executive Short-Term Incentive Plan (filed as Exhibit 2 to Schedule 14A of Duke Energy Carolinas, LLC, March 28, 2003, File No. 1-4928).	X		
10.14	\$2,650,000,000 Amended and Restated Credit Agreement, dated as of June 28, 2007, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as Borrowers, the banks listed therein, Wachovia Bank, National Association, as Administrative Agent, JPMorgan Chase Bank, National Association, Barclays Bank PLC, Bank of America, N.A. and Citibank, N.A., as Co-Syndication Agents and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch and Credit Suisse, as Co-Documentation Agents (filed with the Form 8-K of the registrant, July 5, 2007, File No. 1-4928, as Exhibit 10.1).		X	
10.15	Amended and Restated Employment Agreement dated September 12, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and Michael J. Cyrus (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 2002, File No. 1-1232).		X	
10.15.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated September 12, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and Michael J. Cyrus (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 2003, File No. 1-1232).		X	
10.15.2	Form of amendment to employment agreement, adopted and effective December 14, 2005, between Services and each of Michael J. Cyrus and James L. Turner (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 2002, File No. 1-1232).		X	

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.16	Amended and Restated Employment Agreement dated September 12, 2002, among Cinergy Corp., Services, CG&E, and PSI, and Michael J. Cyrus (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.16.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated September 12, 2002, among Cinergy Corp., Services, CG&E, and PSI, and Michael J. Cyrus (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.16.2	Form of amendment to employment agreement, adopted and effective December 14, 2005, between Services and each of Michael J. Cyrus and James L. Turner (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.17**	Duke Energy Corporation Executive Savings Plan, as amended and restated (filed with Form 8-K of Duke Energy Corporation, October 31, 2007, File No. 1-32853, as Exhibit 10.1	X		

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.18	Asset Purchase Agreement by and Between Saluda River Electric Cooperative, Inc., as Seller, and Duke Energy Carolinas, LLC, as Purchaser, dated December 20, 2006 (filed with the Form 8-K of the registrant, File No. 1-4928, December 27, 2006, as exhibit 10.1).	X		
10.19	Amended and Restated Employment Agreement dated September 24, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and James L. Turner (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 2003, File No. 1-1232).		X	
10.19.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated September 24, 2002, among Cinergy Corp., Services, Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and James L. Turner (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 2003, File No. 1-1232).		X	
10.20	Amended and Restated Employment Agreement dated September 24, 2002, among Cinergy Corp., Services, CG&E, and PSI, and James L. Turner (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.20.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated September 24, 2002, among Cinergy Corp., Services, CG&E, and PSI, and James L. Turner (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.21**	Non-Qualified Option Agreement dated as of November 17, 2003 pursuant to Duke Energy Corporation 1998 Long-Term Incentive Plan, by and between Duke Energy Corporation and Paul M. Anderson (filed with Form 10-K of Duke Energy Carolinas, LLC for the year ended December 31, 2004, File No. 1-4928, as Exhibit 10-18.4).	X		
10.22	Settlement between Duke Energy Corporation, Duke Energy Carolinas, LLC and the U.S. Department of Justice resolving Duke Energy's used nuclear fuel litigation against the U.S. Department of Energy dated as of March 6, 2007 (filed with the Form 8-K of the registrant, File No. 1-4928, March 12, 2007, as item 8.01).		X	
10.23	Employment Agreement dated November 15, 2002, among Cinergy Corp., Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc. and Marc E. Manly (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 2003, File No. 1-1232).		X	

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.23.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated November 15, 2002, among Cinergy Corp., Duke Energy Ohio, Inc., and Duke Energy Indiana, Inc., and Marc E. Manly (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended 12/31/03, File No. 1-1232).		X	
10.24	Employment Agreement dated November 15, 2002, among Cinergy Corp., CG&E, and PSI and Marc E. Manly (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.24.1	Amended Employment Agreement effective December 17, 2003 to Employment Agreement dated November 15, 2002, among Cinergy Corp., CG&E, and PSI, and Marc E. Manly (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.25**	Form of Phantom Stock Award Agreement dated February 28, 2005, pursuant to Duke Energy Corporation 1998 Long-Term Incentive Plan by and between Duke Energy Corporation and each of Fred J. Fowler, David L. Hauser, Jimmy W. Mogg and Ruth G. Shaw (filed with the Form 8-K of Duke Energy Carolinas, LLC, File No. 1-4928, February 28, 2005, as Exhibit 10-2).	X		

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.26	Engineering, Procurement and Construction Agreement, dated July 11, 2007, by and between Duke Energy Carolinas, LLC and Stone & Webster National Engineering P.C. (filed with the Form 10-Q of the registrant, November 13, 2007, File No. 1-4928, as Exhibit 10.1). (Portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended.)	X		
10.27	Deferred Compensation Agreement between Duke Energy Ohio, Inc. and Jackson H. Randolph dated January 1, 1992 (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 1992, File No. 1-1232).		X	
10.28	Deferred Compensation Agreement, effective as of January 1, 1992, between PSI and James E. Rogers (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.29**	Form of Phantom Stock Award Agreement dated as of May 11, 2005, pursuant to Duke Energy Corporation 1998 Long-Term Incentive Plan by and between Duke Energy Corporation and Jimmy W. Mogg. (filed with Form 10-Q of Duke Energy Carolinas, LLC for the quarter ended June 30, 2005, File No. 1-4928, as Exhibit 10-6).	X		
10.30	Amended and Restated Engineering, Procurement and Construction Agreement, dated February 20, 2008, by and between Duke Energy Carolinas, LLC and Stone & Webster National Engineering P.C. (filed with the Form 10-Q of the registrant, May 14, 2008, File No. 1-4928, as Exhibit 10.1). (Portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended).		X	
10.31	Split Dollar Insurance Agreement, effective as of May 1, 1993, between Duke Energy Ohio, Inc. and Jackson H. Randolph (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 1994, File No. 1-1232).		X	
10.32	Split Dollar Life Insurance Agreement, effective as of January 1, 1992, between PSI and James E. Rogers (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.32.1	First Amendment to Split Dollar Life Insurance Agreement between PSI and James E. Rogers dated December 11, 1992 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.33**	Form of Phantom Stock Award Agreement dated as of May 12, 2005, pursuant to Duke Energy Corporation 1998 Long-Term Incentive Plan by and between Duke Energy Corporation and nonemployee directors (filed in Form 8-K of Duke Energy Carolinas, LLC, May 17, 2005, File No. 1-4928, as Exhibit 10-1).	X			
10.34	Amended No. 1 to the Amended and Restated Credit Agreement (filed on Form 8-K of the registrant, March 12, 2008, File No. 1-4928, as Exhibit 10.1).		X		
10.35	Amended and Restated Supplemental Retirement Income Agreement between Duke Energy Ohio, Inc. and Jackson H. Randolph dated January 1, 1995 (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 1995, File No. 1-1232).			X	

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.36	Asset Purchase Agreement by and among Cinergy Capital & Trading, Inc. (Capital & Trading), CinCap Madison, LLC and PSI dated as of February 5, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.37	Form of Phantom Stock Award Agreement (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 4, 2006, as Exhibit 10.1).	X		
10.38	Amended and Restated Engineering and Construction Agreement, dated as of December 21, 2009, by and between Duke Energy Carolinas, LLC and Shaw North Carolina, Inc.		X	
10.39	Amended and Restated Supplemental Executive Retirement Income Agreement between Duke Energy Ohio, Inc. and certain executive officers (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the year ended December 31, 1997, File No. 1-1232).		X	
10.40	Asset Purchase Agreement by and among Capital & Trading, CinCap VII, LLC and PSI dated as of February 5, 2003 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.41	Form of Performance Share Award Agreement (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 4, 2006, as Exhibit 10.2).	X		
10.42	Eighty-Eighth Supplemental Indenture dated as of November 17, 2008, between Duke Energy Carolinas, LLC and The Bank of New York Mellon Trust Company, N.A., as Trustee (filed with the Form 8-K of the registrant, File No. 1-4928, November 17, 2008, as item 4.1).		X	
10.43	Asset Purchase Agreement by and among Duke Energy Indiana, Inc. and Duke Energy Ohio, Inc. and Allegheny Energy Supply Company, LLC, Allegheny Energy Supply Wheatland Generating Facility, LLC and Lake Acquisition Company, L.L.C., dated as of May 6, 2005 (filed with Form 10-Q of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company) for the quarter ended June 30, 2005, File No. 1-1232).		X	
10.44	Asset Purchase Agreement by and among PSI and CG&E and Allegheny Energy Supply Company, LLC, Allegheny Energy Supply Wheatland Generating Facility, LLC and Lake Acquisition Company, L.L.C., dated as of May 6, 2005 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.45**	Employment Agreement between Duke Energy Corporation and James E. Rogers, dated April 4, 2006 (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 6, 2006, as Exhibit 10.1).	X		

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.45.1**	Performance Award Agreement between Duke Energy Corporation and James E. Rogers, dated April 4, 2006 (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 6, 2006, as Exhibit 10.2).	X			
10.45.2**	Phantom Stock Grant Agreement between Duke Energy Corporation and James E. Rogers, dated April 4, 2006 (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 6, 2006, as Exhibit 10.3).	X			
10.46	Underwriting Agreement, dated as of November 12, 2008, with Barclays Capital Inc., Citigroup Global Markets Inc. and Credit Suisse Securities (USA) LLC, as representatives of the several underwriters named therein, in connection with Duke Energy Carolinas, LLC's issuance and sale of \$400,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, 5.75% Series C due 2013 and \$500,000,000 aggregate principal amount of its First and Refunding Mortgage Bonds, 7.00% Series C due 2018 (filed with the Form 8-K of the registrant, File No. 1-4928, November 17, 2008, as item 99.1).			X	

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.47	\$2,650,000,000 Amended and Restated Credit Agreement, dated as of June 28, 2007, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as Borrowers, the banks listed therein, Wachovia Bank, National Association, as Administrative Agent, JPMorgan Chase Bank, National Association, Barclays Bank PLC, Bank of America, N.A. and Citibank, N.A., as Co-Syndication Agents and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch and Credit Suisse, as Co-Documentation Agents (filed in Form 8-K of Duke Energy Ohio, Inc., July 5, 2007, File No. 1-1232, as Exhibit 10.1).			X
10.47.1	Amendment No. 1 to the Amended and Restated Credit Agreement (filed on Form 8-K of Duke Energy Ohio, Inc., March 12, 2008, File No. 1-1232, as Exhibit 10.1).			X
10.48	Underwriting Agreement in connection with PSI issuance and sale of \$350,000,000 aggregate principal amount of its 6.12% Debentures due 2035 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.49**	Form Phantom Stock Award Agreement and Election to Defer (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, May 16, 2006, as Exhibit 10.1).	X		
10.50	Keepwell Agreement, dated April 10, 2006, between Duke Capital LLC and Duke Energy Ohio, Inc. (filed with Form 10-K of Duke Energy Ohio, Inc. (formerly The Cincinnati Gas & Electric Company), filed on April 14, 2006, File No. 1-1232).			X
10.51	\$2,000,000,000 Amended and Restated Credit Agreement among the registrant, such subsidiaries, the banks listed therein, Barclays Bank PLC, as Administrative Agent, and JPMorgan Chase Bank, N.A., as Syndication Agent (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).			X
10.51.1	\$2,650,000,000 Amended and Restated Credit Agreement, dated as of June 28, 2007, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as Borrowers, the banks listed therein, Wachovia Bank, National Association, as Administrative Agent, JPMorgan Chase Bank, National Association, Barclays Bank PLC, Bank of America, N.A. and Citibank, N.A., as Co-Syndication Agents and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch and Credit Suisse, as Co-Documentation Agents (filed in Form 8-K of Duke Energy Indiana, Inc., July 5, 2007, File No. 1-3543, as Exhibit 10.1).			X
10.51.2	Amendment No. 1 to the Amended and Restated Credit Agreement (filed in Form 8-K of Duke Energy Indiana, Inc., March 12, 2008, File No. 1-3543, as Exhibit 10.1).			X

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.52	Agreements with Piedmont Electric Membership Corporation, Rutherford Electric Membership Corporation and Blue Ridge Electric Membership Corporation to provide wholesale electricity and related power scheduling services from September 1, 2006 through December 31, 2021 (filed with the Form 10-Q of Duke Energy Corporation for the quarter ended June 30, 2006, File No. 1-32853, as Exhibit 10.15).	X			
10.53	Asset Purchase Agreement by and between Duke Energy Indiana, Inc., as Seller, and Wabash Valley Power Association, Inc., as Buyer, Dated as of December 1, 2006 (filed with Form 10-Q of Duke Energy Indiana, Inc. (formerly PSI Energy, Inc.) for the quarter ended September 30, 1996, File No. 1-3543).				X
10.54	Purchase and Sale Agreement by and among Cinergy Capital & Trading, Inc., as Seller, and Fortis Bank, S.A./N.V., as Buyer, dated as of June 26, 2006 (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, June 30, 2006, as Exhibit 10.1).	X			

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.55	\$330,000,000 Letter of Credit Agreement dated as of September 19, 2008, among Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc., the banks listed therein, Bank of America, N.A., as Administrative Agent, Banco Bilbao Vizcaya Argentaria, S.A.-New York Branch, as Syndication Agent, and the Bank of Tokyo-Mitsubishi UFJ, Ltd., Intesa Sanpaolo S.p.A., New York Branch, Mizuho Corporate Bank (USA), and Wells Fargo Bank, National Association, as Co-Documentation Agents (filed with Form 10-Q of Duke Energy Indiana, Inc. for the quarter ended September 30, 2008, File No. 1-3543, as Exhibit 10.1).			X
10.56**	Form of Amendment to Performance Award Agreement and Phantom Stock Award Agreement (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, August 24, 2006, as Exhibit 10.1).	X		
10.57	Engineering, Procurement and Construction Management Agreement dated December 15, 2008 between Duke Energy Indiana, Inc. and Bechtel Power Corporation (Portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended).			X
10.58**	Form of Amendment to Phantom Stock Award Agreement (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, August 24, 2006, as Exhibit 10.2).	X		
10.59	Formation and Sale Agreement by and among Duke Ventures, LLC, Crescent Resources, LLC, Morgan Stanley Real Estate Fund V U.S. L.P., Morgan Stanley Real Estate Fund V Special U.S., L.P., Morgan Stanley Real Estate Investors V U.S., L.P., MSP Real Estate Fund V, L.P., and Morgan Stanley Strategic Investments, Inc., dated as of September 7, 2006 (filed with the Form 10-Q of Duke Energy Corporation for the quarter ended September 30, 2006, File No. 1-32853, as Exhibit 10.3).	X		
10.60	Fifteenth Supplemental Indenture, dated as of April 3, 2006, among the registrant, Duke Energy and JPMorgan Chase Bank, N.A. (as successor to Guaranty Trust Company of New York), as trustee (the "Trustee"), supplementing the Senior Indenture, dated as of September 1, 1998, between Duke Energy Carolinas, LLC (formerly Duke Energy Corporation) and the Trustee (filed with the Form 10-Q of Duke Energy Corporation for the quarter ended June 30, 2006, File No. 1-32853, as Exhibit 10.1).	X		
10.60.1	Stock Option Grant Agreement between Duke Energy Corporation and James E. Rogers, dated April 4, 2006 (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, April 6, 2006, as Exhibit 10.4).	X		
10.61**	Duke Energy Corporation 2006 Long-Term Incentive Plan (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, October 27, 2006, as Exhibit 10.1).	X		

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.62	Tax Matters Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, December 15, 2006, as Exhibit 10.1).	X			
10.63	Transition Services Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, December 15, 2006, as Exhibit 10.2).	X			
10.63.1	Amendment No. 1 to the Transition Services Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2007, File No. 1-32853, as Exhibit 10.4).	X			
10.63.2	Amendment No. 2 to the Transition Services Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2007, File No. 1-32853, as Exhibit 10.5)	X			

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<u>Exhibit Number</u>	<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.63.3	Amendment No. 3 to the Transition Services Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended June 30, 2007, File No. 1-32853, as Exhibit 10.3).	X		
10.63.4	Amendment No. 4 to the Transition Services Agreement, dated as of June 30, 2007, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended September 30, 2007, File No. 1-32853, as Exhibit 10.1).	X		
10.64	Employee Matters Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp. (filed with Form 8-K of Duke Energy Corporation, File No. 1-32853, December 15, 2006, as Exhibit 10.3)	X		
10.65	First Amendment to Employee Matters Agreement, dated as of September 28, 2007 (filed in Form 10-Q of Duke Energy Corporation for the quarter ended September 30, 2007, File No. 1-32853, as Exhibit 10.3).	X		
10.66**	Duke Energy Corporation Directors' Savings Plan I & II, as amended and restated (filed with Form 8-K of Duke Energy Corporation, dated October 31, 2007, File No. 1-4298, as Exhibit 10.2).	X		
10.67**	Form of Phantom Stock Award Agreement (filed in Form 8-K of Duke Energy Corporation, March 8, 2007, File No. 1-32853, as item 10.01).	X		
10.68**	Form of Performance Share Award Agreement (filed in Form 8-K of Duke Energy Corporation, March 8, 2007, File No. 1-32853, as item 10.02).	X		
10.69	Separation and Distribution Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 8-K of Duke Energy Corporation, File No. 1-32853, December 15, 2006, as item 2.1).	X		
10.69.1	Amendment No. 1 to the Separation and Distribution Agreement, dated as of December 13, 2006, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2007, File No. 1-32853, as Exhibit 10.3).	X		
10.70**	Amendment to the Duke Energy Corporation 1998 Long-Term Incentive Plan, effective as of February 27, 2007, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2007, File No. 1-32853, as Exhibit 10.6).	X		
10.71**	Amendment to the Duke Energy Corporation 2006 Long-Term Incentive Plan, effective as of February 27, 2007, by and between Duke Energy Corporation and Spectra Energy Corp. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2007, File No. 1-32853, as Exhibit 10.7).	X		

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.72	\$2,650,000,000 Amended and Restated Credit Agreement, dated as of June 28, 2007, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as Borrowers, the banks listed therein, Wachovia Bank, National Association, as Administrative Agent, JPMorgan Chase Bank, National Association, Barclays Bank PLC, Bank of America, N.A. and Citibank, N.A., as Co-Syndication Agents and The Bank of Tokyo-Mitsubishi, Ltd., New York Branch and Credit Suisse, as Co-Documentation Agents (filed in Form 8-K of Duke Energy Corporation, July 5, 2007, File No. 1-32853, as Exhibit 10.1; the agreement was executed June 28).	X			
10.72.1	Amendment No. 1 to Amended and Restated Credit Agreement (filed in Form 8-K of Duke Energy Corporation, March 12, 2008, File No. 1-32853, as Exhibit 10.1).	X			

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.73	Engineering, Procurement and Construction Agreement, dated July 11, 2007, by and between Duke Energy Carolinas, LLC and Stone & Webster National Engineering P.C. (portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended) (filed in Form 10-Q of Duke Energy Corporation for the quarter ended September 30, 2007, File No. 1-32853, as Exhibit 10.2).	X			
10.74**	Change in Control Agreement by and between Duke Energy Corporation and James L. Turner, dated April 4, 2006 (filed with Form 10-K of Duke Energy Corporation for the year ended December 31, 2007, File No. 1-32853, as Exhibit 10.64.1).	X			
10.75**	Change in Control Agreement by and between Duke Energy Corporation and Marc E. Manly, dated April 4, 2006 (filed with Form 10-K of Duke Energy Corporation for the year ended December 31, 2007, File No. 1-32853, as Exhibit 10.66.1).	X			
10.76	Amended and Restated Engineering, Procurement and Construction Agreement, dated February 20, 2008, by and between Duke Energy Carolinas, LLC and Stone & Webster National Engineering P.C. (portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended) (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2008, File No. 1-32853, as Exhibit 10.1).	X			
10.77**	Form of Phantom Stock Agreement (filed on Form 8-K of Duke Energy Corporation, February 22, 2008, File No. 1-32853, as Exhibit 10.1).	X			
10.78**	Form of Performance Share Agreement (filed on Form 8-K of Duke Energy Corporation, February 22, 2008, File No. 1-32853, as Exhibit 10.2).	X			
10.79	Amendment No. 1 to the Amended and Restated Credit Agreement (filed on Form 8-K of Duke Energy Corporation, March 12, 2008, File No. 1-32853, as Exhibit 10.1).	X			
10.80**	Summary of Director Compensation Program (filed in Form 10-Q of Duke Energy Corporation for the quarter ended June 30, 2008, File No. 1-32853, as Exhibit 10.1).	X			
10.81	Agreement and Plan of Merger by and among DEGS Wind I, LLC, DEGS Wind Vermont, Inc., Catamount Energy Corporation (filed in Form 10-Q of Duke Energy Corporation for the quarter ended June 30, 2008, File No. 1-32853, as Exhibit 10.2).	X			
10.82	Amended and Restated Engineering and Construction Agreement, dated as of December 21, 2009, by and between Duke Energy Carolinas, LLC and Shaw North Carolina, Inc.	X			

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.83	Operating Agreement of Pioneer Transmission, LLC (filed in Form 10-Q of Duke Energy Corporation for the quarter ended September 30, 2008, File No. 1-32583, as Exhibit 10.1).	X			
10.84**	Amendment to Duke Energy Corporation Executive Savings Plan, effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583, as Exhibit 10.1).	X			
10.85**	Duke Energy Corporation Executive Cash Balance Plan, as Amended and Restated Effective August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583, as Exhibit 10.2).	X			
10.86**	Amendment to Employment Agreement with James E. Rogers, effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583 as Exhibit 10.3).	X			

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.87**	Form of Amended and Restated Change in Control Agreement, effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583 as Exhibit 10.4).	X			
10.88**	Amendment to Phantom Stock and Performance Awards with James E. Rogers, effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32853, as Exhibit 10.5).	X			
10.89**	Amendment to Deferred Compensation Agreement with James E. Rogers, effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583, as Exhibit 10.6).	X			
10.90**	Amendment to Award Agreements pursuant to the Long-Term Incentive Plans (Employees), effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583, as Exhibit 10.7).	X			
10.91**	Amendment to Award Agreements pursuant to the Long-Term Incentive Plans (Directors), effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583, as Exhibit 99.1).	X			
10.92**	Amendment to Duke Energy Corporation Directors' Savings Plan, effective as of August 26, 2008 (filed on Form 8-K of Duke Energy Corporation, September 2, 2008, File No. 1-32583, as Exhibit 99.2).	X			
10.93**	Deferred Compensation Agreement dated December 16, 1992, between PSI Energy, Inc. and James E. Rogers, Jr.	X			
10.94	Engineering, Procurement and Construction Management Agreement dated December 15, 2008 between Duke Energy Indiana, Inc. and Bechtel Power Corporation. (Portions of the exhibit have been omitted and filed separately with the Securities and Exchange Commission pursuant to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act of 1934, as amended).	X			
10.95	Retirement Agreement by and between Duke Energy Business Services LLC and David L. Hauser, effective as of June 22, 2009 (filed on Form 8-K of Duke Energy Corporation, June 26, 2009, File No. 1-32853, as Exhibit 99.1).	X			
10.96	Amended and Restated Engineering and Construction Agreement, dated as of March 8, 2010, by and between Duke Energy Carolinas, LLC and Shaw North Carolina, Inc. (filed in Form 10-Q of Duke Energy Corporation for the quarter ended March 31, 2010, File No. 1-32853, as Exhibit 10.1).	X	X		
*10.97**	Retirement Agreement dated December 9, 2010 between James L. Turner and Duke Energy Business Services LLC (filed on Form 8-K of Duke Energy Corporation, December 9, 2010, File No. 1-32583 as Exhibit 10.1).	X			

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.98**	Form of Performance Award Agreement of Duke Energy Corporation (filed on Form 8-K of Duke Energy Corporation, February 22, 2011, File No. 1-32583 as Exhibit 10.1).	X			
10.99**	Form of Phantom Stock Award of Duke Energy Corporation (filed on Form 8-K of Duke Energy Corporation, February 22, 2011, File No. 1-32583 as Exhibit 10.2).	X			
10.100**	Form of Performance Award Agreement by and between Duke Energy Corporation and James E. Rogers (filed on Form 8-K of Duke Energy Corporation, February 22, 2011, File No. 1-32583 as Exhibit 10.3).	X			
10.101	Duke Energy Corporation Executive Severance Plan (filed on Form 8-K of Duke Energy Corporation, January 10, 2011, File No. 1-32583 as Exhibit 10.1).	X			
10.102	Form of Amendment to Change in Control Agreement by Duke Energy Corporation.	X			
10.103	\$200,000,000 Credit Agreement dated as of April 7, 2010 among Duke Energy Corporation and Duke Energy Carolinas, LLC, as Borrowers, the banks listed therein, Branch Banking and Trust Company, as Administrative Agent, Regions Bank, as Syndication Agent and First Tennessee Bank N.A. and RBC Bank (USA) as Co-Documentation Agents (filed on Form 8-K of Duke Energy Corporation, April 12, 2010, File No. 1-32583 as Exhibit 10.1).	X	X		
10.104	Ninety-First Supplemental Indenture dated as of June 7, 2010 of Duke Energy Carolinas, LLC to The Bank of New York Mellon Trust Company, N.A., as Trustee (filed on Form 8-K of Duke Energy Carolinas, LLC, June 7, 2010, File No. 1-04928 as Exhibit 4.1).		X		
10.105	Sixty-Second Supplemental Indenture, dated as of July 9, 2010, between the Company and Deutsche Bank National Trust Company, as trustee, providing for the issuance of the Bonds. (filed on Form 8-K of Duke Energy Indiana, July 9, 2010, File No. 1-03543 as Exhibit 4.1).			X	
10.106	\$6,000,000,000 Five-Year Credit Agreement, dated as of November 18, 2011, among the Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as Borrowers, the lenders listed therein, Wells Fargo Bank, National Association, as Administrative Agent, Bank of America, N.A. and The Royal Bank of Scotland plc, as Co-Syndication Agents and Bank of China, New York Branch, Barclays Bank PLC, Citibank, N.A., Credit Suisse AG, Cayman Islands Branch, Industrial and Commercial Bank of China Limited, New York Branch, JPMorgan Chase Bank, N.A. and UBS Securities LLC, as Co-Documentation Agents. (filed on Form 8-K of Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Indiana, Inc. and Duke Energy Ohio, Inc., November 25, 2011, File No. 1-01232, as Exhibit 10.1).	X	X	X	X

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
10.107**	Form of Performance Award Agreement of Duke Energy Corporation under the Duke Energy Corporation 2010 Long-Term Incentive Plan (filed on Form 8-K of Duke Energy Corporation, February 22, 2011, File No. 1-32853, as Exhibit 10.1).	X			
10.108**	Form of Phantom Stock Award Agreement of Duke Energy Corporation under the Duke Energy Corporation 2010 Long-Term Incentive Plan (filed on Form 8-K of Duke Energy Corporation, February 22, 2011, File No. 1-32853, as Exhibit 10.2).	X			
10.109**	Form of Performance Award Agreement by and between Duke Energy Corporation and James E. Rogers under the Duke Energy Corporation 2010 Long-Term Incentive Plan (filed on Form 8-K of Duke Energy Corporation, February 22, 2011, File No. 1-32853, as Exhibit 10.3).	X			
*12.1	Computation of Ratio of Earnings to Fixed Charges – DUKE ENERGY CORPORATION	X			
*12.2	Computation of Ratio of Earnings to Fixed Charges – DUKE ENERGY CAROLINAS		X		
*12.3	Computation of Ratio of Earnings to Fixed Charges – DUKE ENERGY OHIO			X	
*12.4	Computation of Ratio of Earnings to Fixed Charges – DUKE ENERGY INDIANA				X
*21	List of Subsidiaries.	X			
*23.1.1	Consent of Independent Registered Public Accounting Firm.	X			
*23.1.2	Consent of Independent Registered Public Accounting Firm.		X		
*23.1.3	Consent of Independent Registered Public Accounting Firm.			X	
*23.1.4	Consent of Independent Registered Public Accounting Firm.				X
*24.1	Power of attorney authorizing Lynn J. Good and others to sign the annual report on behalf of the registrant and certain of its directors and officers.	X			
*24.2	Certified copy of resolution of the Board of Directors of the registrant authorizing power of attorney.	X			
*31.1.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
*31.1.2	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X		
*31.1.3	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X	

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<u>Exhibit Number</u>		<u>Duke Energy</u>	<u>Duke Energy Carolinas</u>	<u>Duke Energy Ohio</u>	<u>Duke Energy Indiana</u>
*31.1.4	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
*31.2.1	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X			
*31.2.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.		X		
*31.2.3	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.			X	
*31.2.4	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
*32.1.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
*32.1.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X		
*32.1.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X	
*32.1.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
*32.2.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X			
*32.2.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.		X		
*32.2.3	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.			X	
*32.2.4	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
*101	Financials in XBRL Format	X	X	X	X

The total amount of securities of the registrant or its subsidiaries authorized under any instrument with respect to long-term debt not filed as an exhibit does not exceed 10% of the total assets of the registrant and its subsidiaries on a consolidated basis. The registrant agrees, upon request of the Securities and Exchange Commission, to furnish copies of any or all of such instruments to it.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES – DUKE ENERGY CORPORATION

The ratio of earnings to fixed charges is calculated using the Securities and Exchange Commission guidelines.

	Year Ended December 31				
	2011	2010	2009	2008	2007
	(dollars in millions)				
Earnings as defined for fixed charges calculation					
Add:					
Pre-tax income from continuing operations ^(a)	\$2,297	\$2,097	\$1,770	\$1,993	\$2,078
Fixed charges	1,057	1,045	892	883	797
Distributed income of equity investees	149	111	82	195	147
Deduct:					
Interest capitalized ^(b)	166	168	102	93	71
Total earnings (as defined for the Fixed Charges calculation)	\$3,337	\$3,085	\$2,642	\$2,978	\$2,951
Fixed charges:					
Interest on debt, including capitalized portions ^(b)	\$1,026	\$1,008	\$ 853	\$ 834	\$ 756
Estimate of interest within rental expense	31	37	39	49	41
Total fixed charges	\$1,057	\$1,045	\$ 892	\$ 883	\$ 797
Ratio of earnings to fixed charges	3.2	3.0	3.0	3.4	3.7

(a) Excludes amounts attributable to noncontrolling interests and income or loss from equity investees.

(b) Excludes equity costs related to Allowance for Funds Used During Construction that are included in Other Income and Expenses in the Consolidated Statements of Operations.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES – DUKE ENERGY CAROLINAS

The ratio of earnings to fixed charges is calculated using the Securities and Exchange Commission guidelines.

	Year Ended December 31				
	2011	2010	2009	2008	2007
	(dollars in millions)				
Earnings as defined for fixed charges calculation					
Add:					
Pretax income from continuing operations	\$1,306	\$1,295	\$1,080	\$1,065	\$1,014
Fixed charges	450	464	412	402	329
Deduct:					
Interest capitalized ^(a)	76	83	65	46	22
Total earnings (as defined for the Fixed Charges calculation)	\$1,680	\$1,676	\$1,427	\$1,421	\$1,321
Fixed charges:					
Interest on debt, including capitalized portions ^(a)	\$ 437	\$ 446	\$ 395	\$ 376	\$ 314
Estimate of interest within rental expense	13	18	17	26	15
Total fixed charges	\$ 450	\$ 464	\$ 412	\$ 402	\$ 329
Ratio of earnings to fixed charges	3.7	3.6	3.5	3.5	4.0

(a) Excludes equity costs related to Allowance for Funds Used During Construction that are included in Other Income and Expenses in the Consolidated Statements of Operations.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES – DUKE ENERGY OHIO

The ratio of earnings to fixed charges is calculated using the Securities and Exchange Commission guidelines.

	Year Ended December 31				
	2011	2010	2009	2008	2007
	(dollars in millions)				
Earnings as defined for fixed charges calculation					
Add:					
Pretax income (loss) from continuing operations	\$290	\$(309)	\$(240)	\$458	\$415
Fixed charges	119	122	128	122	139
Deduct:					
Interest capitalized ^(a)	9	8	4	19	30
Total earnings (as defined for the Fixed Charges calculation)	\$400	\$(195)	\$(116)	\$561	\$524
Fixed charges:					
Interest on debt, including capitalized portions ^(a)	\$114	\$ 117	\$ 121	\$113	\$130
Estimate of interest within rental expense	5	5	7	9	9
Total fixed charges	\$119	\$ 122	\$ 128	\$122	\$139
Ratio of earnings to fixed charges	3.4	— ^(b)	— ^(b)	4.6	3.8

(a) Excludes equity costs related to Allowance for Funds Used During Construction that are included in Other Income and Expenses in the Consolidated Statements of Operations.

(b) Earnings insufficient to cover fixed charges by approximately \$317 million and \$244 million during the years ended December 31, 2010 and December 31, 2009, respectively, due primarily to non-cash goodwill impairment charges.

COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES – DUKE ENERGY INDIANA

The ratio of earnings to fixed charges is calculated using the Securities and Exchange Commission guidelines.

	Year Ended December 31,				
	2011	2010	2009	2008	2007
	(dollars in millions)				
Earnings as defined for fixed charges calculation					
Add:					
Pre-tax income from continuing operations	\$242	\$441	\$317	\$408	\$386
Fixed charges	178	161	165	140	130
Deduct:					
Interest capitalized ^(a)	33	19	13	10	11
Total earnings (as defined for the Fixed Charges calculation)	\$387	\$583	\$469	\$538	\$505
Fixed charges:					
Interest on debt, including capitalized portions ^(a)	\$171	\$154	\$157	\$133	\$120
Estimate of interest within rental expense	7	7	8	7	10
Total fixed charges	\$178	\$161	\$165	\$140	\$130
Ratio of earnings to fixed charges	2.2	3.6	2.9	3.8	3.9

(a) Excludes equity costs related to Allowance for Funds Used During Construction that are included in Other Income and Expenses in the Consolidated Statements of Operations.

LIST OF SUBSIDIARIES

The following is a list of certain subsidiaries (greater than 50% owned) of the registrant and their respective states or countries of incorporation:

Actividades A y D, S.A (Guatemala).
 Advance SC LLC (South Carolina)
 Aguaytia Energy del Peru S.R.L. Ltda. (Peru)
 Aguaytia Energy, LLC (Delaware)
 Attiki Denmark ApS (Denmark)
 Ball Hill Windpark, LLC
 Bison Insurance Company Limited (Bermuda)
 Brownsville Power I, L.L.C. (Delaware)
 Caldwell Power Company (North Carolina)
 Catamount Celtic Energy Limited (Scotland)
 Catamount Energy Corporation (Vermont)
 Catamount Energy SC 1 (Scotland)
 Catamount Energy SC 2 (Scotland)
 Catamount Energy SC 3 (Scotland)
 Catamount Rumford Corporation (Vermont)
 Catamount Sweetwater 1 LLC (Vermont)
 Catamount Sweetwater 2 LLC (Vermont)
 Catamount Sweetwater 3 LLC (Vermont)
 Catamount Sweetwater 4 5 LLC (Vermont)
 Catamount Sweetwater 6 LLC (Vermont)
 Catamount Sweetwater Corporation (Vermont)
 Catamount Sweetwater Holdings LLC (Vermont)
 Catawba Manufacturing and Electric Power Company (North Carolina)
 CEC UK1 Holding Corp. (Vermont)
 CEC UK2 Holding Corp. (Vermont)
 CEC Wind Development LLC (Vermont)
 Centra Gas Toluca S.R.L. de C.V. (Mexico)
 CGP Global Greece Holdings, SA (Greece)
 Cimarron Windpower II, LLC (Delaware)
 Cinergy Climate Change Investments, LLC (Delaware)
 Cinergy Corp. (Delaware)
 Cinergy General Holdings, LLC (Delaware)
 Cinergy Global (Cayman) Holdings, Inc. (Cayman Islands)
 Cinergy Global Holdings, Inc. (Delaware)
 Cinergy Global Power Africa (Proprietary) Limited (South Africa)
 Cinergy Global Power, Inc. (Delaware)
 Cinergy Global Resources, Inc. (Delaware)
 Cinergy Global Tsavo Power (Cayman Islands)
 Cinergy Investments, Inc. (Delaware)
 Cinergy Limited Holdings, LLC (Delaware)
 Cinergy Origination & Trade, LLC (Delaware)
 Cinergy Power Generation Services, LLC (Delaware)
 Cinergy Receivables Company LLC (Delaware)
 Cinergy Retail Power General, Inc. (Texas)
 Cinergy Solutions – Utility, Inc. (Delaware)
 Cinergy Solutions Partners, LLC (Delaware)
 Cinergy Technology, Inc. (Indiana)
 Cinergy Wholesale Energy, Inc. (Ohio)
 Cinergy–Centrus Communications, Inc. (Delaware)
 Cinergy–Centrus, Inc. (Delaware)
 CinFuel Resources, Inc. (Delaware)
 CinPower I, LLC (Delaware)
 Claiborne Energy Services, Inc. (Louisiana)
 Comercializadora Duke Energy de Centro America, Limitada (Guatemala)

 CS Murphy Point, LLC (North Carolina)
 CSCP Holdings Limited Partnership (British Columbia, Canada)
 CSCP General, LLC (Texas)
 CSCP Limited, LLC (Delaware)
 CST General, LLC (Texas)
 CST Green Power, L.P. (Delaware)
 CST Limited, LLC (Delaware)
 D/FD Holdings, LLC (Delaware)
 D/FD International Services Brasil Ltda. (Brazil)
 D/FD Operating Services LLC (Delaware)
 DE Marketing Canada Ltd. (Canada–Federal)
 DE Nuclear Engineering, Inc. (North Carolina)
 DEB – Pequenas Centrais Hidrelétricas Ltda. (Brazil)
 DEGS Biomass, LLC (Delaware)
 DEGS NC Solar, LLC (Delaware)
 DEGS O&M, LLC (Delaware)
 DEGS of Boca Raton, LLC (Delaware)
 DEGS of Cincinnati, LLC (Ohio)
 DEGS of Delta Township, LLC (Delaware)
 DEGS of Lansing, LLC (Delaware)
 DEGS of Monaca, LLC (Delaware)
 DEGS of Narrows, LLC (Delaware)
 DEGS of Philadelphia, LLC (Delaware)

DEGS of San Diego, Inc. (Delaware)
 DEGS of Shreveport, LLC (Delaware)
 DEGS of South Charleston, LLC (Delaware)
 DEGS of St. Bernard, LLC (Delaware)
 DEGS of St. Paul, LLC (Delaware)
 DEGS of Tuscola, Inc. (Delaware)
 DEGS Solar, LLC (Delaware)
 DEGS Wind I, LLC (Delaware)
 DEGS Wind Supply II, LLC (Delaware)
 DEGS Wind Supply, LLC (Delaware)
 Delta Township Utilities, LLC (Delaware)
 DETMI Management, Inc. (Colorado)
 Dixilyn–Field (Nigeria) Limited (Nigeria)
 Dixilyn–Field Drilling Company (Delaware)
 Dixilyn–Field International Drilling Company, S.A. (Panama)
 DTMSI Management Ltd (Canada)
 Duke Broadband, LLC (Delaware)
 Duke Capital Partners, LLC (Delaware)
 Duke Communications Holdings, Inc. (Delaware)
 Duke Energy Americas, LLC (Delaware)
 Duke Energy Business Services LLC (Delaware)
 Duke Energy Carolinas Plant Operations, LLC (Delaware)
 Duke Energy Carolinas, LLC (North Carolina)
 Duke Energy Cerros Colorados, S.A. (Argentina)
 Duke Energy China Corp (Delaware)
 Duke Energy Commercial Asset Management, Inc.
 Duke Energy Commercial Enterprises, Inc. (Indiana)
 Duke Energy Corporate Services, Inc. (Delaware)
 Duke Energy Development Pty Ltd (Australia)
 Duke Energy Egenor S. en C. por A. (Peru)
 Duke Energy Electroquil Partners (Delaware)
 Duke Energy Engineering, Inc. (Ohio)
 Duke Energy Fayette II, LLC (Delaware)
 Duke Energy Generating S.A. (Argentina)
 Duke Energy Generation Services Holding Company, Inc. (Delaware)
 Duke Energy Generation Services, Inc. (Delaware)
 Duke Energy Group Holdings, LLC (Delaware)
 Duke Energy Group, LLC (Delaware)
 Duke Energy Guatemala Ltd. (Bermuda)
 Duke Energy Hanging Rock II, LLC (Delaware)
 Duke Energy Indiana, Inc. (Indiana)
 Duke Energy Industrial Sales, LLC (Delaware)
 Duke Energy International (Europe) Holdings ApS (Denmark)
 Duke Energy International (Europe) Limited (United Kingdom)
 Duke Energy International Argentina Holdings (Cayman Islands)
 Duke Energy International Argentina Marketing/Trading (Bermuda) Ltd.
 (Bermuda)
 Duke Energy International Asia Pacific Ltd. (Bermuda)
 Duke Energy International Brasil Commercial, Ltda. (Brazil)
 Duke Energy International Brasil Holdings, LLC (Delaware)
 Duke Energy International Brazil Holdings Ltd. (Bermuda)
 Duke Energy International Chile Holding I B.V. (Netherlands)
 Duke Energy International Chile Holding II B.V. (Netherlands)
 Duke Energy International Chile Holding II BV Sociedad en Comandita
 por Acciones (Chile)
 Duke Energy International Comercializadora de El Salvador, S.A. de C.V.
 (El Salvador)
 Duke Energy International del Ecuador Cia. Ltda. (Ecuador)
 Duke Energy International El Salvador Investments No. 1 Ltd (Bermuda)

Duke Energy International El Salvador Investments No. 1 y Cia. S. enC.
de C.V. (El Salvador)
Duke Energy International El Salvador, S en C de CV (El Salvador)
Duke Energy International Electroquil Holdings, LLC (Delaware)
Duke Energy International Espana Holdings, S.L.U. (Spain)
Duke Energy International Group Cooperatie U.A. (Netherlands)
Duke Energy International Group, Ltd. (Bermuda)
Duke Energy International Guatemala Holdings No. 2, Ltd. (Bermuda)
Duke Energy International Guatemala Holdings No. 3 (Cayman Islands)
Duke Energy International Guatemala Limitada (Guatemala)
Duke Energy International Guatemala y Compania Sociedad en Comandita
por Acciones (Guatemala)
Duke Energy International Holding, Ltd. (Bermuda)
Duke Energy International Holdings B.V. (Netherlands)
Duke Energy International Investments No. 2 Ltd. (Bermuda)
Duke Energy International Latin America, Ltd. (Bermuda)
Duke Energy International Mexico Holding Company I, S. de R.L. de C.V.
(Mexico)
Duke Energy International Mexico, S.A. de C.V. (Mexico)
Duke Energy International Netherlands Financial Services B.V.
(Netherlands)
Duke Energy International Operaciones Guatemala Limitada (Guatemala)
Duke Energy International Peru Inversiones No. 1, S.R.L. (Peru)
Duke Energy International Peru Investments No. 1, Ltd. (Bermuda)
Duke Energy International PJP Holdings, Ltd. (Bermuda)
Duke Energy International Southern Cone SRL (Argentina)
Duke Energy International Trading and Marketing (UK) Limited (United
Kingdom)
Duke Energy International Transmision Guatemala Limitada (Guatemala)
Duke Energy International Uruguay Holdings, LLC (Delaware)
Duke Energy International Uruguay Investments, S.R.L. (Uruguay)
Duke Energy International, Brasil Ltda. (Brazil)
Duke Energy International, Geracao Parapanema S.A. (Brazil)
Duke Energy International, LLC (Delaware)
Duke Energy Kentucky, Inc. (Kentucky)
Duke Energy Lee II, LLC (Delaware)
Duke Energy Marketing America, LLC (Delaware)
Duke Energy Marketing Corp. (Nevada)
Duke Energy Marketing Limited Partnership (Alberta, Canada)
Duke Energy Merchants, LLC (Delaware)
Duke Energy Moapa, LLC (Delaware)
Duke Energy Murray Operating, LLC (Delaware)
Duke Energy North America, LLC (Delaware)
Duke Energy Ohio, Inc. (Ohio)
Duke Energy One, Inc. (Delaware)
Duke Energy Peru Holdings S.R.L. (Peru)
Duke Energy Receivables Finance Company, LLC (Delaware)
Duke Energy Registration Services, Inc. (Delaware)
Duke Energy Retail Sales, LLC (Delaware)
Duke Energy Royal, LLC (Delaware)
Duke Energy Services Canada ULC (British Columbia, Canada)
Duke Energy Services, Inc. (Delaware)
Duke Energy Trading and Marketing, L.L.C. (Delaware)
Duke Energy Transmission Holding Company, LLC (Delaware)
Duke Energy Vermillion II, LLC (Delaware)
Duke Energy Washington II, LLC (Delaware)
Duke Investments, LLC (Delaware)
Duke Project Services, Inc. (North Carolina)
Duke Supply Network, LLC (Delaware)
Duke Technologies, Inc. (Delaware)
Duke Trading Do Brasil Ltda. (Brazil)
Duke Ventures II, LLC (Delaware)
Duke Ventures Real Estate, LLC (Delaware)
Duke Ventures, LLC (Nevada)
Duke/Fluor Daniel (North Carolina)
Duke/Fluor Daniel Caribbean, S.E. (Puerto Rico)
Duke/Fluor Daniel El Salvador S.A. de C.V. (El Salvador)
Duke/Fluor Daniel International (Nevada)
Duke/Fluor Daniel International Services (Nevada)
Duke/Fluor Daniel International Services (Trinidad) Ltd. (Trinidad and
Tobago)
Duke/Louis Dreyfus L.L.C. (Nevada)
Duke-Cadence, Inc. (Indiana)
DukeNet VentureCo, Inc. (Delaware)
Duke-Reliant Resources, Inc. (Delaware)
DukeTec I, LLC
DukeTec II, LLC (Delaware)
DukeTec, LLC (Delaware)
Eastman Whipstock do Brasil Ltda.
Eastman Whipstock, S.A. (Brazil)
Eastover Land Company (Kentucky)
Eastover Mining Company (Kentucky)

Electroquil, S.A. (Ecuador)
 Energy Pipelines International Company (Delaware)
 Equinox Vermont Corporation (Vermont)
 Etenorte S.R.L. (Peru)
 Eteselva S. R. L. (Peru)
 eVent Resources Holdings LLC (Delaware)
 eVent Resources I LLC (Delaware)
 Gas Integral S.R.L. (Peru)
 Generadora del Pacifico, Limitada (Guatemala)
 Generadora La Laguna Duke Energy International Guatemala y Cia.,
 S.C.A. (Guatemala)
 Green Frontier Windpower Holdings, LLC
 Green Frontier Windpower, LLC
 Greenville Gas and Electric Light and Power Company (South Carolina)
 Happy Jack Windpower, LLC (Delaware)
 IGC Aguaytia Partners, LLC (Cayman Islands)
 Inver Energy Holdings (Cayman Islands) I
 Inver Energy Holdings II (Cayman Islands)
 Inver-Energy y Cia. SCA (Cayman Islands)
 Ironwood Windpower Holdings, LLC (Delaware)
 Ironwood Windpower, LLC (Delaware)
 Kit Carson Windpower, LLC (Delaware)
 KO Transmission Company (Kentucky)
 Laurel Hill Wind Energy, LLC
 LHI, LLC (Delaware)
 Los Vientos Windpower I Holdings, LLC (Delaware)
 Los Vientos Windpower IA, LLC (Delaware)
 Los Vientos Windpower IB, LLC (Delaware)
 Martins Creek Solar NC, LLC (North Carolina)
 MCP, LLC (South Carolina)
 Miami Power Corporation (Indiana)
 Murphy Farm Power, LLC (North Carolina)
 North Allegheny Wind, LLC (Delaware)
 North Carolina Renewable Properties, LLC (North Carolina)
 NorthSouth Insurance Company Limited (Bermuda)
 Notrees Windpower, LP (Delaware)
 Oak Mountain Products, LLC (Delaware)
 Ocotillo Windpower, LP (Delaware)
 Ohio River Valley Propane, LLC (Delaware)
 P.I.D.C. Aguaytia, L.L.C. (Delaware)
 Pacific Power Holdings No 1, B.V. (Netherlands)
 PanEnergy Corp. (Delaware)
 Peru Energy Holdings, LLC (Delaware)
 Proyecto de Autoabastecimiento La Silla, S. de R.L. de C.V. (Mexico)
 Sandy River Timber, LLC (South Carolina)
 Seahorse do Brasil Servicos Maritimos Ltda. (Brazil)
 Searchlight Wind Energy LLC (Nevada)
 Silver Sage Windpower, LLC (Delaware)
 Solar Star North Carolina I, LLC (Delaware)
 Solar Star North Carolina II, LLC (Delaware)
 South Construction Company, Inc. (Indiana)
 Southern Power Company (North Carolina)
 Spruce Mountain Investments, LLC (Delaware)
 Spruce Mountain Products, LLC (Delaware)
 SUEZ-DEGS of Lansing, LLC (Delaware)
 SUEZ-DEGS of Orlando LLC (Delaware)
 Sugartree Timber, LLC (Delaware)
 SYNCAP II, LLC (Delaware)
 Taylorsville, Solar, LLC (Delaware)
 TBP Properties, LLC (South Carolina)

TE Notrees, LLC (Delaware)
TE Ocotillo, LLC (Delaware)
Teak Mountain Products, LLC (Delaware)
TEC Aguaytia, Ltd. (Bermuda)
Termoselva S. R. L. (Peru)
Texas Eastern (Bermuda) Ltd. (Bermuda)
Texas Eastern Arabian Ltd. (Bermuda)
The Duke Energy Foundation (North Carolina)
Three Buttes Windpower, LLC (Delaware)
Top of the World Wind Energy LLC (Delaware)
Top of the World Wind Energy Holdings LLC (Delaware)
TRES Timber, LLC (South Carolina)
Tri-State Improvement Company (Ohio)
Waterco Power Company (South Carolina)
Western Carolina Power Company (North Carolina)
Willow Creek Wind Energy LLC (Delaware)
Willow Mountain Products, LLC (Delaware)

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-173282, 333-170899, 333-169633, and 333-157405 on Form S-3, Registration Statement No. 333-172899 (including Post-effective Amendment Nos. 1, 2, 3, 4 and 5) on Form S-4 and Registration Statement Nos. 333-168502, 333-168500, 333-134080, 333-141023 (including Post-effective Amendment No. 1 thereto), and 333-132933 (including Post-effective Amendment Nos. 1 and 2 thereto) on Form S-8 of our report dated February 28, 2012, relating to the financial statements and financial statement schedules of Duke Energy Corporation and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of Duke Energy Corporation for the year ended December 31, 2011.

/s/ DELOITTE & TOUCHE LLP
Charlotte, North Carolina
February 28, 2012

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-169633-03 on Form S-3 of our report dated February 28, 2012, relating to the financial statements and financial statement schedule of Duke Energy Carolinas, LLC and subsidiaries, appearing in this Annual Report on Form 10-K of Duke Energy Carolinas, LLC for the year ended December 31, 2011.

/s/ DELOITTE & TOUCHE LLP
Charlotte, North Carolina
February 28, 2012

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-169633-01 on Form S-3 of our report dated February 28, 2012, relating to the financial statements and financial statement schedule of Duke Energy Ohio, Inc. and subsidiaries, appearing in this Annual Report on Form 10-K of Duke Energy Ohio, Inc. for the year ended December 31, 2011.

/s/ DELOITTE & TOUCHE LLP
Charlotte, North Carolina
February 28, 2012

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-169633-02 on Form S-3 of our report dated February 28, 2012, relating to the financial statements and financial statement schedule of Duke Energy Indiana, Inc. and subsidiary, appearing in this Annual Report on Form 10-K of Duke Energy Indiana, Inc. for the year ended December 31, 2011.

/s/ DELOITTE & TOUCHE LLP
Charlotte, North Carolina
February 28, 2012

DUKE ENERGY CORPORATION

Power of Attorney

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2011
(Annual Report)

The undersigned **Duke Energy Corporation**, a Delaware corporation and certain of its officers and/or directors, do each hereby constitute and appoint Lynn J. Good, David S. Maltz and Steven K. Young, and each of them, to act as attorneys-in-fact for and in the respective names, places and stead of the undersigned, to execute, seal, sign and file with the Securities and Exchange Commission the Annual Report on Form 10-K for the year ended December 31, 2011, of said Duke Energy Corporation and any and all amendments thereto, hereby granting to said attorneys-in-fact, and each of them, full power and authority to do and perform all and every act and thing whatsoever requisite, necessary or proper to be done in and about the premises, as fully to all intents and purposes as the undersigned, or any of them, might or could do if personally present, hereby ratifying and approving the acts of said attorneys-in-fact.

Executed as of the 8th day of December 2011.

DUKE ENERGY CORPORATION

By: /s/ JAMES E. ROGERS
President and
Chief Executive Officer

(Corporate Seal)

ATTEST:

/s/ SUE C. HARRINGTON
Assistant Corporate Secretary

/s/ JAMES E. ROGERS
James E. Rogers

Chairman, President and
Chief Executive Officer
(Principal Executive Officer and Director)

/s/ LYNN J. GOOD
Lynn J. Good

Group Executive and
Chief Financial Officer
(Principal Financial Officer)

/s/ STEVEN K. YOUNG
Steven K. Young

Senior Vice President and
Controller
(Principal Accounting Officer)

/s/ WILLIAM BARNET, III
William Barnett, III

(Director)

/s/ G. ALEX BERNHARDT, SR.
G. Alex Bernhardt, Sr.

(Director)

/s/ MICHAEL G. BROWNING
Michael G. Browning

(Director)

/s/ DANIEL R. DIMICCO
Daniel R. DiMicco

(Director)

/s/ JOHN H. FORSGREN
John H. Forsgren

(Director)

/s/ ANN M. GRAY
Ann M. Gray

(Director)

/s/ JAMES H. HANCE, JR.
James H. Hance, Jr.

(Director)

/s/ E. JAMES REINSCH
E. James Reinsch

(Director)

/s/ JAMES T. RHODES
James T. Rhodes

(Director)

/s/ PHILIP R. SHARP
Philip R. Sharp

(Director)

DUKE ENERGY CORPORATION

CERTIFIED RESOLUTIONS

Form 10-K Annual Report Resolutions

FURTHER RESOLVED, That each officer and director who may be required to execute such 2011 Form 10-K or any amendments thereto (whether on behalf of the Corporation or as an officer or director thereof or by attesting the seal of the Corporation or otherwise) be and hereby is authorized to execute a Power of Attorney appointing Lynn J. Good, David S. Maltz and Steven K. Young, and each of them, as true and lawful attorneys and agents to execute in his or her name, place and stead (in any such capacity) such 2011 Form 10-K, as may be deemed necessary and proper by such officers, and any and all amendments thereto and all instruments necessary or advisable in connection therewith, to attest the seal of the Corporation thereon and to file the same with the Securities and Exchange Commission, each of said attorneys and agents to have power to act with or without the others and to have full power and authority to do and perform in the name and on behalf of each of such officers and directors, or both, as the case may be, every act whatsoever necessary or advisable to be done in the premises as fully and to all intents and purposes as any such officer or director might or could do in person.

I, MARC E. MANLY, Group Executive, Chief Legal Officer and Corporate Secretary of Duke Energy Corporation, do hereby certify that the foregoing is a full, true and complete extract from the Minutes of the meeting of the Audit Committee of the Board of Directors of said Corporation with full authority delegated to it by the Board of Directors held on December 8, 2011 at which meeting a quorum was present.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Corporate Seal of said Duke Energy Corporation, this the 28th day of February 2012.

/s/ MARC E. MANLY

Marc E. Manly, Group Executive, Chief Legal Officer
and Corporate Secretary

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James E. Rogers, certify that:

- 1) I have reviewed this annual report on Form 10-K of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2012

/s/ JAMES E. ROGERS

James E. Rogers
Chairman, President and
Chief Executive Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James E. Rogers, certify that:

- 1) I have reviewed this annual report on Form 10-K of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2012

/s/ JAMES E. ROGERS

James E. Rogers
Chief Executive Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James E. Rogers, certify that:

- 1) I have reviewed this annual report on Form 10-K of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Acts Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2012

/s/ JAMES E. ROGERS

James E. Rogers
Chief Executive Officer

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, James E. Rogers, certify that:

- 1) I have reviewed this annual report on Form 10-K of Duke Energy Indiana, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2012

/s/ JAMES E. ROGERS

James E. Rogers
Chief Executive Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this annual report on Form 10-K of Duke Energy Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2012

/s/ LYNN J. GOOD

Lynn J. Good
Group Executive and
Chief Financial Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this annual report on Form 10-K of Duke Energy Carolinas, LLC;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2012

/s/ LYNN J. GOOD
Lynn J. Good
Director and Chief Financial Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this annual report on Form 10-K of Duke Energy Ohio, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2012

/s/ LYNN J. GOOD

Lynn J. Good
Director and Chief Financial Officer

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Lynn J. Good, certify that:

- 1) I have reviewed this annual report on Form 10-K of Duke Energy Indiana, Inc.;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2012

/s/ LYNN J. GOOD

Lynn J. Good
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Duke Energy Corporation ("Duke Energy") on Form 10-K for the period ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James E. Rogers, President and Chief Executive Officer of Duke Energy, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/S/ JAMES E. ROGERS

James E. Rogers
Chairman, President and Chief Executive Officer
February 28, 2012

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-K for the period ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James E. Rogers, Chief Executive Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

 /s/ JAMES E. ROGERS

James E. Rogers
Chief Executive Officer
February 28, 2012

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Duke Energy Ohio, Inc. ("Duke Energy Ohio") on Form 10-K for the period ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James E. Rogers, Chief Executive Officer of Duke Energy Ohio, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Ohio.

/s/ JAMES E. ROGERS

James E. Rogers
Chief Executive Officer
February 28, 2012

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Duke Energy Indiana, Inc. ("Duke Energy Indiana") on Form 10-K for the period ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James E. Rogers, Chief Executive Officer of Duke Energy Indiana, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Indiana.

/S/ JAMES E. ROGERS

James E. Rogers
Chief Executive Officer
February 28, 2012

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Duke Energy Corporation ("Duke Energy") on Form 10-K for the period ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Group Executive and Chief Financial Officer of Duke Energy, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy.

/S/ LYNN J. GOOD

Lynn J. Good
Group Executive and Chief Financial Officer
February 28, 2012

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Duke Energy Carolinas, LLC ("Duke Energy Carolinas") on Form 10-K for the period ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Financial Officer of Duke Energy Carolinas, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Carolinas.

/s/ LYNN J. GOOD

Lynn J. Good
Director and Chief Financial Officer
February 28, 2012

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Duke Energy Ohio, Inc. ("Duke Energy Ohio") on Form 10-K for the period ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Financial Officer of Duke Energy Ohio, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Ohio.

/S/ LYNN J. GOOD

Lynn J. Good
Director and Chief Financial Officer
February 28, 2012

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Duke Energy Indiana, Inc. ("Duke Energy Indiana") on Form 10-K for the period ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lynn J. Good, Chief Financial Officer of Duke Energy Indiana, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Duke Energy Indiana.

/S/ LYNN J. GOOD

Lynn J. Good
Chief Financial Officer
February 28, 2012

Duke Energy Carolinas, LLC

10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filed on 5/9/2012

Filed Period 3/31/2012

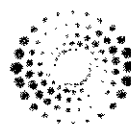


Table of ContentsUNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**FORM 10-Q**

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended March 31, 2012
Or☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission file number	Exact name of registrants as specified in their charters, addresses of principal executive offices, telephone numbers and states of incorporation	IRS Employer Identification No.
1-32853	DUKE ENERGY CORPORATION 550 South Tryon Street Charlotte, NC 28202-1803 704-382-3853 State of Incorporation: Delaware	20-2777218
1-4928	DUKE ENERGY CAROLINAS, LLC 526 South Church Street Charlotte, NC 28202-1803 704-382-3853 State of Incorporation: North Carolina	56-0205520
1-1232	DUKE ENERGY OHIO, INC. 139 East Fourth Street Cincinnati, OH 45202 704-382-3853 State of Incorporation: Ohio	31-0240030
1-3543	DUKE ENERGY INDIANA, INC. 1000 East Main Street Plainfield, IN 46168 704-382-3853 State of Incorporation: Indiana	35-0594457

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Duke Energy Corporation (Duke Energy)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio, Inc. (Duke Energy Ohio)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Duke Energy Carolinas, LLC (Duke Energy Carolinas)	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana, Inc. (Duke Energy Indiana)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Duke Energy	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Ohio	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Duke Energy Carolinas	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Duke Energy Indiana	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Duke Energy	Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
Duke Energy Carolinas	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
Duke Energy Ohio	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
Duke Energy Indiana	Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	Non-accelerated filer <input checked="" type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Duke Energy	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Ohio	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Duke Energy Carolinas	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	Duke Energy Indiana	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Indicate the number of shares outstanding of each of the Issuer's classes of common stock, as of the latest practicable date.

**Outstanding as of
April 30, 2012
Registrant**

Registrant	Description	Shares
Duke Energy	Common Stock, par value \$0.001	1,338,105,469
Duke Energy Carolinas	All of the registrant's limited liability company member interests are directly owned by Duke Energy.	
Duke Energy Ohio	All of the registrant's common stock is indirectly owned by Duke Energy.	
Duke Energy Indiana	All of the registrant's common stock is indirectly owned by Duke Energy.	

This combined Form 10-Q is filed separately by four registrants: Duke Energy, Duke Energy Carolinas, Duke Energy Ohio and Duke Energy Indiana (collectively the Duke Energy Registrants). Information contained herein relating to any individual registrant is filed by such registrant solely on its own behalf. Each registrant makes no representation as to information relating exclusively to the other registrants.

Duke Energy Carolinas, Duke Energy Ohio and Duke Energy Indiana meet the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and are therefore filing this form with the reduced disclosure format specified in General Instructions H(2) of Form 10-Q.

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MARCH 31, 2012**

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**CAUTIONARY STATEMENT REGARDING
FORWARD-LOOKING INFORMATION**

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions. These forward-looking statements, which are intended to cover Duke Energy and the applicable Duke Energy Registrants, are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to:

- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, as well as rulings that affect cost and investment recovery or have an impact on rate structures;

- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in the respective Duke Energy Registrants' service territories, customer base or customer usage patterns;
- Additional competition in electric markets and continued industry consolidation;
- Political and regulatory uncertainty in other countries in which Duke Energy conducts business;
- The influence of weather and other natural phenomena on each of the Duke Energy Registrants' operations, including the economic, operational and other effects of storms, hurricanes, droughts and tornados;
- The impact on the Duke Energy Registrants' facilities and business from a terrorist attack;
- The inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks;
- The timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates;
- Unscheduled generation outages, unusual maintenance or repairs and electric transmission system constraints;
- The performance of electric generation facilities and of projects undertaken by Duke Energy's non-regulated businesses;
- The results of financing efforts, including the Duke Energy Registrants' ability to obtain financing on favorable terms, which can be affected by various factors, including the respective Duke Energy Registrants' credit ratings and general economic conditions;
- Declines in the market prices of equity securities and resultant cash funding requirements for Duke Energy's defined benefit pension plans;
- The level of creditworthiness of counterparties to Duke Energy Registrants' transactions;
- Employee workforce factors, including the potential inability to attract and retain key personnel;
- Growth in opportunities for the respective Duke Energy Registrants' business units, including the timing and success of efforts to develop domestic and international power and other projects;
- Construction and development risks associated with the completion of Duke Energy Registrants' capital investment projects in existing and new generation facilities, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules, and satisfying operating and environmental performance standards, as well as the ability to recover costs from ratepayers in a timely manner or at all;
- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The expected timing and likelihood of completion of the proposed merger with Progress Energy, Inc. (Progress Energy), including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed merger that could reduce anticipated benefits or cause the parties to abandon the merger, the diversion of management's time and attention from Duke Energy's ongoing business during this time period, the ability to maintain relationships with customers, employees or suppliers as well as the ability to successfully integrate the businesses and realize cost savings and any other synergies and the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect;
- The risk that the proposed merger with Progress Energy is terminated prior to completion and results in significant transaction costs to Duke Energy; and
- The ability to successfully complete merger, acquisition or divestiture plans.

In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a

different extent or at a different time than Duke Energy has described. The Duke Energy Registrants undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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DUKE ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In millions, except per-share amounts)

Item 1. Financial Statements

	Three Months Ended March 31,	
	2012	2011
Operating Revenues		
Regulated electric	\$2,501	\$2,573
Non-regulated electric, natural gas, and other	958	855
Regulated natural gas	171	235
Total operating revenues	3,630	3,663
Operating Expenses		
Fuel used in electric generation and purchased power—regulated	777	812
Fuel used in electric generation and purchased power—non-regulated	448	376
Cost of natural gas and coal sold	102	151
Operation, maintenance and other	746	880
Depreciation and amortization	479	454
Property and other taxes	184	186
Impairment charges	402	—
Total operating expenses	3,138	2,859
Gains on Sales of Other Assets and Other, net	3	10
Operating Income	495	814
Other Income and Expenses		
Equity in earnings of unconsolidated affiliates	45	32
Impairments and gains on sales of unconsolidated affiliates	(5)	2
Other income and expenses, net	89	117
Total other income and expenses	129	151
Interest Expense	224	219
Income From Continuing Operations Before Income Taxes	400	746
Income Tax Expense from Continuing Operations	103	233
Income From Continuing Operations	297	513
Income From Discontinued Operations, net of tax	2	—
Net Income	299	513
Less: Net Income Attributable to Noncontrolling Interests	4	2
Net Income Attributable to Duke Energy Corporation	\$ 295	\$ 511
Earnings Per Share—Basic and Diluted		
Income from continuing operations attributable to Duke Energy Corporation common shareholders		
Basic	\$ 0.22	\$ 0.38
Diluted	\$ 0.22	\$ 0.38
Income from discontinued operations attributable to Duke Energy Corporation common shareholders		
Basic	\$ —	\$ —
Diluted	\$ —	\$ —
Net income attributable to Duke Energy Corporation common stockholders		
Basic	\$ 0.22	\$ 0.38
Diluted	\$ 0.22	\$ 0.38
Dividends declared per share	\$ 0.25	\$0.245
Weighted-average shares outstanding		
Basic	1,337	1,330
Diluted	1,337	1,331

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents**PART I**

DUKE ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In millions)

	Three Months Ended	
	March 31,	
	2012	2011
Net income	\$ 299	\$ 513
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	44	31
Pension and OPEB adjustments	4	(9)
Net unrealized gain on cash flow hedges ^(b)	13	2
Reclassification into earnings from cash flow hedges ^(c)	(1)	1
Unrealized gain on investments in available for sale securities ^(d)	1	3
Reclassification into earnings from available for sale securities ^(e)	(1)	—
Other comprehensive income, net of tax	60	28
Comprehensive income	359	541
Less: Comprehensive income attributable to noncontrolling interests	4	2
Comprehensive income attributable to Duke Energy Corporation	\$ 355	\$ 539

- (a) Net of \$2 tax expense in 2012 and \$3 tax benefit in 2011.
(b) Net of \$5 tax expense in 2012 and \$1 tax expense in 2011.
(c) Net of insignificant tax benefit in 2012 and insignificant tax expense in 2011.
(d) Net of insignificant tax expense in 2012 and \$3 tax expense in 2011.
(e) Net of insignificant tax benefit in 2012.

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents**PART I**

DUKE ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In millions)

	March 31, 2012	December 31, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,071	\$ 2,110
Short-term investments	238	190
Receivables (net of allowance for doubtful accounts of \$37 at March 31, 2012 and \$35 at December 31, 2011)	613	784
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$42 at March 31, 2012 and \$40 at December 31, 2011)	1,124	1,157
Inventory	1,754	1,588
Other	1,124	1,051
Total current assets	5,924	6,880
Investments and Other Assets		
Investments in equity method unconsolidated affiliates	479	460
Nuclear decommissioning trust funds	2,247	2,060
Goodwill	3,853	3,849
Intangibles, net	357	363
Notes receivable	68	62
Restricted other assets of variable interest entities	129	135
Other	2,103	2,231
Total investments and other assets	9,236	9,160
Property, Plant and Equipment		
Cost	61,036	60,377
Cost, variable interest entities	942	913
Accumulated depreciation and amortization	(19,086)	(18,709)
Generation facilities to be retired, net	79	80
Net property, plant and equipment	42,971	42,661
Regulatory Assets and Deferred Debits		
Regulatory assets	3,517	3,672
Other	151	153
Total regulatory assets and deferred debits	3,668	3,825
Total Assets	\$ 61,799	\$ 62,526

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents**PART I**

DUKE ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS—(Continued)
(Unaudited)
(In millions, except per-share amounts)

	March 31, 2012	December 31, 2011
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	\$ 1,050	\$ 1,433
Notes payable and commercial paper	181	154
Non-recourse notes payable of variable interest entities	275	273
Taxes accrued	369	431
Interest accrued	287	252
Current maturities of long-term debt	1,067	1,894
Other	1,054	1,091
Total current liabilities	4,283	5,528
Long-term Debt	18,081	17,730
Non-recourse Long-term Debt of Variable Interest Entities	945	949
Deferred Credits and Other Liabilities		
Deferred income taxes	7,726	7,581
Investment tax credits	381	384
Accrued pension and other post-retirement benefit costs	846	856
Asset retirement obligations	1,965	1,936
Regulatory liabilities	2,951	2,919
Other	1,743	1,778
Total deferred credits and other liabilities	15,612	15,454
Commitments and Contingencies		
Equity		
Common Stock, \$0.001 par value, 2 billion shares authorized; 1,338 million and 1,336 million shares outstanding at March 31, 2012 and December 31, 2011, respectively	1	1
Additional paid-in capital	21,121	21,132
Retained earnings	1,833	1,873
Accumulated other comprehensive loss	(174)	(234)
Total Duke Energy Corporation shareholders' equity	22,781	22,772
Noncontrolling interests	97	93
Total equity	22,878	22,865
Total Liabilities and Equity	\$ 61,799	\$ 62,526

See Notes to Unaudited Condensed Consolidated Financial Statements

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DUKE ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

	Three Months Ended March 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 299	\$ 513
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization (including amortization of nuclear fuel)	544	504
Equity component of AFUDC	(59)	(60)
Gains on sales of other assets	(3)	(13)
Impairment of other long-lived assets	407	—
Deferred income taxes	65	175
Equity in earnings of unconsolidated affiliates	(45)	(32)
Voluntary opportunity cost deferral	(101)	—
Accrued pension and other post-retirement benefit costs	28	26
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(2)	18
Receivables	172	218
Inventory	(162)	(31)
Other current assets	110	96
Increase (decrease) in		
Accounts payable	(270)	(192)
Taxes accrued	(62)	(29)
Other current liabilities	10	(193)
Other assets	3	27
Other liabilities	(62)	(66)
Net cash provided by operating activities	872	961
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(988)	(1,006)
Investment expenditures	(13)	(3)
Acquisitions	(42)	(2)
Purchases of available-for-sale securities	(948)	(710)
Proceeds from sales and maturities of available-for-sale securities	821	675
Net proceeds from the sales of other assets, and sales of and collections on notes receivable	17	103
Change in restricted cash	(35)	14
Other	8	11
Net cash used in investing activities	(1,180)	(918)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the:		
Issuance of long-term debt	392	—
Issuance of common stock related to employee benefit plans	8	6
Payments for the redemption of long-term debt	(821)	(18)
Notes payable and commercial paper	28	58
Distributions to noncontrolling interests	(1)	(10)
Dividends paid	(335)	(331)
Other	(2)	1
Net cash used in financing activities	(731)	(294)
Net decrease in cash and cash equivalents	(1,039)	(251)
Cash and cash equivalents at beginning of period	2,110	1,670
Cash and cash equivalents at end of period	\$ 1,071	\$ 1,419
Supplemental Disclosures:		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 270	\$ 282
Extinguishment of debt related to investment in Attiki Gas Supply, S.A.	\$ 66	\$ —

See Notes to Unaudited Condensed Consolidated Financial Statements

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PART II

DUKE ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(Unaudited)
(In millions)

	Duke Energy Corporation Shareholders' Accumulated Other Comprehensive Income (Loss)										
	Common Stock Shares	Common Stock	Additional Paid-in Capital	Retained Earnings	Foreign Currency Adjustments	Net Gains (Losses) on Cash Flow Hedges	Other	Pension and OPEB Related Adjustments in AOCI	Common Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2010	1,329	\$ 1	\$ 21,023	\$ 1,496	\$ 97	\$ (18)	\$ (17)	\$ (60)	\$ 22,522	\$ 131	\$ 22,653
Net income	—	—	—	511	—	—	—	—	511	2	513
Other comprehensive income	—	—	—	—	31	3	3	(9)	28	—	28
Common stock issuances, including dividend reinvestment and employee benefits	2	—	4	—	—	—	—	—	4	—	4
Common stock dividends	—	—	—	(331)	—	—	—	—	(331)	—	(331)
Changes in noncontrolling interest in subsidiaries	—	—	—	—	—	—	—	—	—	(11)	(11)
Balance at March 31, 2011	1,331	\$ 1	\$ 21,027	\$ 1,676	\$ 128	\$ (15)	\$ (14)	\$ (69)	\$ 22,734	\$ 122	\$ 22,856
Balance at December 31, 2011	1,336	\$ 1	\$ 21,132	\$ 1,873	\$ (45)	\$ (71)	\$ (9)	\$ (109)	\$ 22,772	\$ 93	\$ 22,865
Net income	—	—	—	295	—	—	—	—	295	4	299
Other comprehensive income	—	—	—	—	44	12	—	4	60	—	60
Common stock issuances, including dividend reinvestment and employee benefits	2	—	(11)	—	—	—	—	—	(11)	—	(11)
Common stock dividends	—	—	—	(335)	—	—	—	—	(335)	—	(335)
Balance at March 31, 2012	1,338	\$ 1	\$ 21,121	\$ 1,833	\$ (1)	\$ (59)	\$ (9)	\$ (105)	\$ 22,781	\$ 97	\$ 22,878

See Notes to Unaudited Condensed Consolidated Financial Statements

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DUKE ENERGY CAROLINAS, LLC
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In millions)

	Three Months Ended	
	March 31,	
	2012	2011
Operating Revenues—Regulated Electric	\$ 1,501	\$ 1,552
Operating Expenses		
Fuel used in electric generation and purchased power	380	469
Operation, maintenance and other	331	435
Depreciation and amortization	228	201
Property and other taxes	90	84
Total operating expenses	1,029	1,189
Gains on Sales of Other Assets and Other, net	3	—
Operating Income	475	363
Other Income and Expenses, net	39	42
Interest Expense	97	89
Income Before Income Taxes	417	316
Income Tax Expense	151	111
Net Income and Comprehensive Income	\$ 266	\$ 205

See Notes to Unaudited Condensed Consolidated Financial Statements

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DUKE ENERGY CAROLINAS, LLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In millions)

	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15	\$ 289
Receivables (net of allowance for doubtful accounts of \$3 at March 31, 2012 and December 31, 2011)	427	1,187
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$6 at March 31, 2012 and December 31, 2011)	593	581
Inventory	1,021	917
Other	336	278
Total current assets	2,392	3,252
Investments and Other Assets		
Nuclear decommissioning trust funds	2,247	2,060
Other	971	968
Total investments and other assets	3,218	3,028
Property, Plant and Equipment		
Cost	33,257	32,840
Accumulated depreciation and amortization	(11,460)	(11,269)
Generation facilities to be retired, net	79	80
Net property, plant and equipment	21,876	21,651
Regulatory Assets and Deferred Debits		
Regulatory assets	1,800	1,894
Other	70	71
Total regulatory assets and deferred debits	1,870	1,965
Total Assets	\$ 29,356	\$ 29,896

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents**PART I**

DUKE ENERGY CAROLINAS, LLC
CONDENSED CONSOLIDATED BALANCE SHEETS—(Continued)
(Unaudited)
(In millions)

	March 31, <u>2012</u>	December 31, <u>2011</u>
LIABILITIES AND MEMBER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 474	\$ 793
Taxes accrued	61	126
Interest accrued	150	115
Current maturities of long-term debt	427	1,178
Other	470	398
Total current liabilities	1,582	2,610
Long-term Debt	7,796	7,796
Non-recourse Long-term Debt of Variable Interest Entities	300	300
Deferred Credits and Other Liabilities		
Deferred income taxes	4,724	4,555
Investment tax credits	231	233
Accrued pension and other post-retirement benefits	241	248
Asset retirement obligations	1,875	1,846
Regulatory liabilities	1,970	1,928
Other	917	926
Total deferred credits and other liabilities	9,958	9,736
Commitments and Contingencies		
Member's Equity		
Member's Equity	9,739	9,473
Accumulated other comprehensive loss	(19)	(19)
Total member's equity	9,720	9,454
Total Liabilities and Member's Equity	\$ 29,356	\$ 29,896

See Notes to Unaudited Condensed Consolidated Financial Statements

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PART I

DUKE ENERGY CAROLINAS, LLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

	Three Months Ended March 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 266	\$ 205
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization (including amortization of nuclear fuel)	288	249
Equity component of AFUDC	(36)	(39)
Gains on sales of other assets and other, net	(3)	—
Deferred income taxes	154	119
Voluntary opportunity cost deferral	(101)	—
Accrued pension and other post-retirement benefit costs	10	8
(Increase) decrease in		
Receivables	117	246
Inventory	(100)	(59)
Other current assets	(3)	147
Increase (decrease) in		
Accounts payable	(233)	(116)
Taxes accrued	(65)	(56)
Other current liabilities	109	(40)
Other assets	(18)	(4)
Other liabilities	(32)	(43)
Net cash provided by operating activities	353	617
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(483)	(562)
Purchases of available-for-sale securities	(627)	(428)
Proceeds from sales and maturities of available-for-sale securities	615	416
Notes due from affiliate	625	(104)
Other	(5)	—
Net cash provided by (used in) investing activities	125	(678)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for the redemption of long-term debt	(751)	(1)
Other	(1)	—
Net cash used in financing activities	(752)	(1)
Net decrease in cash and cash equivalents	(274)	(62)
Cash and cash equivalents at beginning of period	289	153
Cash and cash equivalents at end of period	\$ 15	\$ 91
Supplemental Disclosures		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 115	\$ 153

See Notes to Unaudited Condensed Consolidated Financial Statements

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PART II

DUKE ENERGY CAROLINAS, LLC
CONDENSED CONSOLIDATED STATEMENTS OF MEMBER'S EQUITY
(Unaudited)
(In millions)

		<u>Accumulated Other Comprehensive Loss</u>		
	<u>Member's Equity</u>	<u>Net Gains (Losses) on Cash Flow Hedges</u>	<u>Other</u>	<u>Total</u>
Balance at December 31, 2010	\$ 8,938	\$ (20)	\$ (2)	\$8,916
Net income	205	—	—	205
Balance at March 31, 2011	\$ 9,143	\$ (20)	\$ (2)	\$9,121
Balance at December 31, 2011	\$ 9,473	\$ (17)	\$ (2)	\$9,454
Net income	266	—	—	266
Balance at March 31, 2012	\$ 9,739	\$ (17)	\$ (2)	\$9,720

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents**PART I**

DUKE ENERGY OHIO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In millions)

	Three Months Ended	
	March 31,	
	2012	2011
Operating Revenues		
Regulated electric	\$ 324	\$ 372
Non-regulated electric and other	417	271
Regulated natural gas	171	236
Total operating revenues	912	879
Operating Expenses		
Fuel used in electric generation and purchased power—regulated	114	97
Fuel used in electric generation and purchased power—non-regulated	239	164
Cost of natural gas sold	75	119
Operation, maintenance and other	196	205
Depreciation and amortization	83	88
Property and other taxes	68	73
Total operating expenses	775	746
Gains on Sales of Other Assets and Other, net	1	2
Operating Income	138	135
Other Income and Expenses, net	4	5
Interest Expense	24	24
Income Before Income Taxes	118	116
Income Tax Expense	44	43
Net Income	74	73
Other Comprehensive Income, net of tax ^(a)		
Pension and OPEB adjustments	1	—
Comprehensive Income	\$ 75	\$ 73

(a) Net of insignificant tax expense in 2012.

See Notes to Unaudited Condensed Consolidated Financial Statements

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DUKE ENERGY OHIO, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In millions)

	March 31, 2012	December 31, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 26	\$ 99
Receivables (net of allowance for doubtful accounts of \$16 at March 31, 2012 and \$16 at December 31, 2011)	843	681
Inventory	249	243
Other	226	220
Total current assets	1,344	1,243
Investments and Other Assets		
Goodwill	921	921
Intangibles, net	139	143
Other	67	58
Total investments and other assets	1,127	1,122
Property, Plant and Equipment		
Cost	10,542	10,632
Accumulated depreciation and amortization	(2,589)	(2,594)
Net property, plant and equipment	7,953	8,038
Regulatory Assets and Deferred Debits		
Regulatory assets	519	520
Other	15	16
Total regulatory assets and deferred debits	534	536
Total Assets	\$ 10,958	\$ 10,939

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents**PART I**

DUKE ENERGY OHIO, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS—(Continued)
(Unaudited)
(In millions, except share and per-share amounts)

	March 31, 2012	December 31, 2011
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 408	\$ 402
Taxes accrued	157	180
Interest accrued	31	23
Current maturities of long-term debt	507	507
Other	127	122
Total current liabilities	1,230	1,234
Long-term Debt	2,046	2,048
Deferred Credits and Other Liabilities		
Deferred income taxes	1,845	1,853
Investment tax credits	7	8
Accrued pension and other post-retirement benefit costs	145	147
Asset retirement obligations	28	27
Regulatory liabilities	264	273
Other	179	182
Total deferred credits and other liabilities	2,468	2,490
Commitments and Contingencies		
Common Stockholder's Equity		
Common Stock, \$8.50 par value, 120,000,000 shares authorized; 89,663,086 shares outstanding at March 31, 2012 and December 31, 2011	762	762
Additional paid-in capital	5,057	5,085
Retained deficit	(578)	(652)
Accumulated other comprehensive loss	(27)	(28)
Total common stockholder's equity	5,214	5,167
Total Liabilities and Common Stockholder's Equity	\$ 10,958	\$ 10,939

See Notes to Unaudited Condensed Consolidated Financial Statements

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DUKE ENERGY OHIO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

	Three Months Ended March 31	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 74	\$ 73
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	84	89
Gains on sales of other assets and other, net	(1)	(2)
Impairment charges	2	—
Deferred income taxes	44	36
Accrued pension and other post-retirement benefit costs	3	4
(Increase) decrease in		
Net realized and unrealized mark-to-market and hedging transactions	(48)	(2)
Receivables	55	78
Inventory	(8)	33
Other current assets	42	14
Increase (decrease) in		
Accounts payable	16	(64)
Taxes accrued	(24)	10
Other current liabilities	6	(1)
Other assets	(8)	4
Other liabilities	(57)	(28)
Net cash provided by operating activities	180	244
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(121)	(96)
Net proceeds from the sale of other assets	82	—
Notes due from affiliate	(218)	(4)
Change in restricted cash	6	4
Other	—	6
Net cash used in investing activities	(251)	(90)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for the redemption of long-term debt	(2)	(2)
Notes payable to affiliate	—	3
Dividend to parent	—	(285)
Net cash used in financing activities	(2)	(284)
Net decrease in cash and cash equivalents	(73)	(130)
Cash and cash equivalents at beginning of period	99	228
Cash and cash equivalents at end of period	\$ 26	\$ 98
Supplemental Disclosures		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 34	\$ 35
Transfer of Vermillion Generating Station to Duke Energy Indiana	\$ 28	\$ —

See Notes to Unaudited Condensed Consolidated Financial Statements

Table of Contents**PART II**

DUKE ENERGY OHIO, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY
(Unaudited)
(In millions)

				<u>Accumulated Other Comprehensive Loss</u>	
	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Pension and OPEB Adjustments</u>	<u>Total</u>
Balance at December 31, 2010	\$ 762	\$ 5,570	\$ (846)	\$ (22)	\$5,464
Net income	—	—	73	—	73
Dividend to parent	—	(285)	—	—	(285)
Balance at March 31, 2011	\$ 762	\$ 5,285	\$ (773)	\$ (22)	\$5,252
Balance at December 31, 2011	\$ 762	\$ 5,085	\$ (652)	\$ (28)	\$5,167
Net income	—	—	74	—	74
Other comprehensive income	—	—	—	1	1
Transfer of Vermillion Generating Station to Duke Energy Indiana	—	(28)	—	—	(28)
Balance at March 31, 2012	\$ 762	\$ 5,057	\$ (578)	\$ (27)	\$5,214

See Notes to Unaudited Condensed Consolidated Financial Statements

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DUKE ENERGY INDIANA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(In millions)

	Three Months Ended March 31	
	2012	2011
Operating Revenues—Regulated Electric	\$ 688	\$ 659
Operating Expenses		
Fuel used in electric generation and purchased power	283	246
Operation, maintenance and other	160	161
Depreciation and amortization	96	100
Property and other taxes	21	22
Impairment charges	400	—
Total operating expenses	960	529
Operating (Loss) Income	(272)	130
Other Income and Expenses, net	23	23
Interest Expense	34	36
(Loss) Income Before Income Taxes	(283)	117
Income Tax (Benefit) Expense	(116)	41
Net (Loss) Income	(167)	76
Other Comprehensive Loss, net of tax		
Reclassification into earnings from cash flow hedges ^(a)	(1)	—
Comprehensive (loss) income	\$ (168)	\$ 76

(a) Net of insignificant tax benefit in 2012

See Notes to Unaudited Condensed Consolidated Financial Statements

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DUKE ENERGY INDIANA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(In millions)

	March 31, <u>2012</u>	December 31, <u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 22	\$ 16
Receivables (net of allowance for doubtful accounts of \$1 at March 31, 2012 and December 31, 2011)	209	198
Inventory	364	330
Other	124	135
Total current assets	719	679
Investments and Other Assets		
Intangibles, net	47	50
Other	117	113
Total investments and other assets	164	163
Property, Plant and Equipment		
Cost	11,733	11,791
Accumulated depreciation and amortization	(3,511)	(3,393)
Net property, plant and equipment	8,222	8,398
Regulatory Assets and Deferred Debits		
Regulatory assets	746	798
Other	25	24
Total regulatory assets and deferred debits	771	822
Total Assets	\$ 9,876	\$ 10,062

See Notes to Unaudited Condensed Consolidated Financial Statements

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DUKE ENERGY INDIANA, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS—(Continued)
(Unaudited)
(In millions, except share and per-share amounts)

	March 31, 2012	December 31, 2011
LIABILITIES AND COMMON STOCKHOLDER'S EQUITY		
Current Liabilities		
Accounts payable	\$ 250	\$ 273
Notes payable	178	300
Taxes accrued	66	74
Interest accrued	48	50
Current maturities of long-term debt	5	6
Other	92	93
Total current liabilities	639	796
Long-term Debt	3,702	3,453
Deferred Credits and Other Liabilities		
Deferred income taxes	811	927
Investment tax credits	143	143
Accrued pension and other post-retirement benefit costs	159	161
Asset retirement obligations	44	43
Regulatory liabilities	684	683
Other	102	122
Total deferred credits and other liabilities	1,943	2,079
Commitments and Contingencies		
Common Stockholder's Equity		
Common Stock, no par; \$0.01 stated value, 60,000,000 shares authorized; 53,913,701 shares outstanding at March 31, 2012 and December 31, 2011	1	1
Additional paid-in capital	1,384	1,358
Retained earnings	2,201	2,368
Accumulated other comprehensive income	6	7
Total common stockholder's equity	3,592	3,734
Total Liabilities and Common Stockholder's Equity	\$ 9,876	\$ 10,062

See Notes to Unaudited Condensed Consolidated Financial Statements

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DUKE ENERGY INDIANA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In millions)

	Three Months Ended March 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	\$ (167)	\$ 76
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	97	100
Equity component of AFUDC	(21)	(19)
Impairment charges	400	—
Deferred income taxes and investment tax credit amortization	(116)	7
Accrued pension and other post-retirement benefit costs	4	5
(Increase) decrease in		
Receivables	(11)	77
Inventory	(34)	(12)
Other current assets	8	20
Increase (decrease) in		
Accounts payable	15	12
Taxes accrued	(8)	26
Other current liabilities	(4)	(17)
Other assets	9	3
Other liabilities	(19)	(12)
Net cash provided by operating activities	153	266
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(273)	(269)
Purchases of available-for-sale securities	(4)	(1)
Proceeds from sales and maturities of available-for-sale securities	4	—
Notes due from affiliate	—	(2)
Change in restricted cash	—	5
Other	1	—
Net cash used in investing activities	(272)	(267)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from this issuance of long-term debt	250	—
Payments for the redemption of long-term debt	(1)	(1)
Notes payable to affiliate	(122)	—
Other	(2)	—
Net cash provided by (used in) financing activities	125	(1)
Net increase (decrease) in cash and cash equivalents	6	(2)
Cash and cash equivalents at beginning of period	16	54
Cash and cash equivalents at end of period	\$ 22	\$ 52
Supplemental Disclosures		
Significant non-cash transactions:		
Accrued capital expenditures	\$ 72	\$ 86
Transfer of Vermillion Generating Station from Duke Energy Ohio	\$ 26	\$ —

See Notes to Unaudited Condensed Consolidated Financial Statements

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PART II

DUKE ENERGY INDIANA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY
(Unaudited)
(In millions)

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u> <u>Net Gains (Losses) on Cash Flow Hedges</u>	<u>Total</u>
Balance at December 31, 2010	\$ 1	\$ 1,358	\$ 2,200	\$ 8	\$3,567
Net income	—	—	76	—	76
Balance at March 31, 2011	\$ 1	\$ 1,358	\$ 2,276	\$ 8	\$3,643
Balance at December 31, 2011	\$ 1	\$ 1,358	\$ 2,368	\$ 7	\$3,734
Net loss	—	—	(167)	—	(167)
Other comprehensive loss	—	—	—	(1)	(1)
Transfer of Vermillion Generating Station from Duke Energy Ohio	—	26	—	—	26
Balance at March 31, 2012	\$ 1	\$ 1,384	\$ 2,201	\$ 6	\$3,592

See Notes to Unaudited Condensed Consolidated Financial Statements

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PART I

**DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – DUKE ENERGY OHIO, INC. –
DUKE ENERGY INDIANA, INC.
Combined Notes To Unaudited Condensed Consolidated Financial Statements**

Index to Combined Notes To Unaudited Condensed Consolidated Financial Statements

The unaudited notes to the condensed consolidated financial statements that follow are a combined presentation. The following list indicates the registrants to which the notes apply:

<u>Registrant</u>	<u>Applicable Notes</u>
Duke Energy Corporation	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19
Duke Energy Carolinas, LLC	1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19
Duke Energy Ohio, Inc.	1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 14, 15, 16, 17, 18, 19
Duke Energy Indiana, Inc.	1, 2, 3, 4, 5, 6, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19

1. Organization and Basis of Presentation

Organization. Duke Energy Corporation (collectively with its subsidiaries, Duke Energy) is an energy company headquartered in Charlotte, North Carolina. Duke Energy operates in the United States (U.S.) primarily through its direct and indirect wholly owned subsidiaries, Duke Energy Carolinas, LLC (Duke Energy Carolinas), Duke Energy Ohio, Inc. (Duke Energy Ohio), which includes Duke Energy Kentucky, Inc. (Duke Energy Kentucky), and Duke Energy Indiana, Inc. (Duke Energy Indiana), as well as in Latin America through International Energy. When discussing Duke Energy's condensed consolidated financial information, it necessarily includes the results of its three separate subsidiary registrants, Duke Energy Carolinas, Duke Energy Ohio and Duke Energy Indiana (collectively referred to as the Subsidiary Registrants), which, along with Duke Energy, are collectively referred to as the Duke Energy Registrants. The information in these combined notes relates to each of the Duke Energy Registrants as noted in the Index to the Combined Notes. However, none of the registrants makes any representation as to information related solely to Duke Energy or the subsidiaries of Duke Energy other than itself. As discussed further in Note 3, Duke Energy operates in three reportable business segments: U.S. Franchised Electric and Gas, Commercial Power and International Energy. The remainder of Duke Energy's operations is presented as Other.

These Unaudited Condensed Consolidated Financial Statements include, after eliminating intercompany transactions and balances, the accounts of the Duke Energy Registrants and all majority-owned subsidiaries where the respective Duke Energy Registrants have control and those variable interest entities (VIEs) where the respective Duke Energy Registrants are the primary beneficiary. These Unaudited Condensed Consolidated Financial Statements also reflect Duke Energy Carolinas' approximate 19.25% proportionate share of the Catawba Nuclear Station, as well as Duke Energy Ohio's proportionate share of certain generation and transmission facilities in Ohio, Indiana and Kentucky and Duke Energy Indiana's proportionate share of certain generation and transmission facilities. In January 2012, Duke Energy Ohio completed the sale of its 75% ownership of the Vermillion Generating Station; upon the close, Duke Energy Indiana purchased a 62.5% interest in the station. See Note 2 for further discussion.

Duke Energy Carolinas, a wholly owned subsidiary of Duke Energy, is an electric utility company that generates, transmits, distributes and sells electricity in North Carolina and South Carolina. Duke Energy Carolinas is subject to the regulatory provisions of the North Carolina Utilities Commission (NCUC), the Public Service Commission of South Carolina (PSCSC), the U.S. Nuclear Regulatory Commission (NRC) and the Federal Energy Regulatory Commission (FERC). Substantially all of Duke Energy Carolinas' operations are regulated and qualify for regulatory accounting treatment. As discussed further in Note 3, Duke Energy Carolinas' operations include one reportable business segment, Franchised Electric.

Duke Energy Ohio is an indirect wholly owned subsidiary of Duke Energy. Duke Energy Ohio is a combination electric and gas public utility that provides service in the southwestern portion of Ohio and in northern Kentucky through its wholly owned subsidiary Duke Energy Kentucky, as well as electric generation in parts of Ohio, Illinois and Pennsylvania. Duke Energy Ohio's principal lines of business include generation, transmission and distribution of electricity, the sale of and/or transportation of natural gas, and energy marketing. Duke Energy Ohio conducts competitive auctions for retail electricity supply in Ohio whereby the energy price is recovered from retail customers. Duke Energy Kentucky's principal lines of business include generation, transmission and distribution of electricity, as well as the sale of and/or transportation of natural gas. Duke Energy Ohio is subject to the regulatory provisions of the Public Utilities Commission of Ohio (PUCO), the Kentucky Public Service Commission (KPSC) and the FERC. Duke Energy Ohio applies regulatory accounting treatment to substantially all of the operations of its Franchised Electric and Gas operating segment. Through November 2011, Duke Energy Ohio applied regulatory accounting treatment to certain rate riders associated with retail generation of its Commercial Power operating segment. See Note 3 for information about business segments.

Duke Energy Indiana is an indirect wholly owned subsidiary of Duke Energy. Duke Energy Indiana is an electric utility that provides service in north central, central, and southern Indiana. Its primary line of business is generation, transmission and distribution of electricity. Duke Energy Indiana is subject to the regulatory provisions of the Indiana Utility Regulatory Commission (IURC) and the FERC. The substantial majority of Duke Energy Indiana's operations are regulated and qualify for regulatory accounting treatment. As discussed further in Note 3, Duke Energy Indiana's operations include one reportable business segment, Franchised Electric.

See Note 2 for information regarding Duke Energy's pending merger with Progress Energy, Inc (Progress Energy).

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PART I

DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – DUKE ENERGY OHIO, INC. – DUKE ENERGY INDIANA, INC.

Combined Notes To Unaudited Condensed Consolidated Financial Statements – (Continued)

Basis of Presentation. These Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the U.S. for interim financial information and with the instructions to Form 10-Q and Regulation S-X. Accordingly, these Unaudited Condensed Consolidated Financial Statements do not include all of the information and notes required by GAAP in the U.S. for annual financial statements. Because the interim Unaudited Condensed Consolidated Financial Statements and Notes do not include all of the information and notes required by GAAP in the U.S. for annual financial statements, the Unaudited Condensed Consolidated Financial Statements and other information included in this quarterly report should be read in conjunction with the respective Consolidated Financial Statements and Notes in the Duke Energy Registrants combined Form 10-K for the year ended December 31, 2011. These Unaudited Condensed Consolidated Financial Statements reflect all normal recurring adjustments that are, in the opinion of the respective company's management, necessary to fairly present the financial position and results of operations of each Duke Energy Registrant. Amounts reported in Duke Energy's interim Unaudited Condensed Consolidated Statements of Operations and each of the Duke Energy Registrants' interim Unaudited Condensed Consolidated Statements of Comprehensive Income are not necessarily indicative of amounts expected for the respective annual periods due to the effects of seasonal temperature variations on energy consumption, regulatory rulings, the timing of maintenance on electric generating units, changes in mark-to-market valuations, changing commodity prices and other factors. Duke Energy Ohio and Duke Energy Indiana sell power to and purchase power from PJM Interconnection, LLC (PJM) and Midwest Independent Transmission System Operator, Inc. (MISO), respectively. Duke Energy Ohio and Duke Energy Indiana account for these transactions on a net hourly basis as the transactions are settled on a net hourly basis.

Use of Estimates. To conform to GAAP in the U.S., management makes estimates and assumptions that affect the amounts reported in the Unaudited Condensed Consolidated Financial Statements and Notes. Although these estimates are based on management's best available information at the time, actual results could differ.

Unbilled Revenue. Revenues on sales of electricity and gas are recognized when either the service is provided or the product is delivered. Unbilled retail revenues are estimated by applying average revenue per kilowatt-hour or per thousand cubic feet (Mcf) for all customer classes to the number of estimated kilowatt-hours or Mcfs delivered but not billed. Unbilled wholesale energy revenues are calculated by applying the contractual rate per megawatt-hour (MWh) to the number of estimated MWh delivered but not yet billed. Unbilled wholesale demand revenues are calculated by applying the contractual rate per megawatt (MW) to the MW volume delivered but not yet billed. The amount of unbilled revenues can vary significantly from period to period as a result of numerous factors, including seasonality, weather, customer usage patterns and customer mix.

At March 31, 2012 and December 31, 2011, Duke Energy, Duke Energy Carolinas, Duke Energy Ohio and Duke Energy Indiana had unbilled revenues within Restricted Receivables of Variable Interest Entities and Receivables on their respective Condensed Consolidated Balance Sheets as follows:

	March 31, 2012	(in millions)	December 31, 2011
Duke Energy	\$ 666		\$ 674
Duke Energy Carolinas	289		293
Duke Energy Ohio	39		50
Duke Energy Indiana	5		2

Additionally, Duke Energy Ohio and Duke Energy Indiana sell, on a revolving basis, nearly all of their retail and wholesale accounts receivable to Cinergy Receivables Company, LLC (CRC). These transfers meet sales/derecognition criteria and therefore, Duke Energy Ohio and Duke Energy Indiana, account for the transfers of receivables to CRC as sales, and accordingly the receivables sold are not reflected on the Condensed Consolidated Balance Sheets of Duke Energy Ohio and Duke Energy Indiana. Receivables for unbilled revenues related to retail and wholesale accounts receivable at Duke Energy Ohio and Duke Energy Indiana included in the sales of accounts receivable to CRC at March 31, 2012 and December 31, 2011 were as follows:

	March 31, 2012	(in millions)	December 31, 2011
Duke Energy Ohio	\$ 63		\$ 89
Duke Energy Indiana	114		115

See Note 11 for additional information.

2. Acquisitions and Sales of Other Assets

Acquisitions.

The Duke Energy Registrants consolidate assets and liabilities from acquisitions as of the purchase date, and include earnings from acquisitions in consolidated earnings after the purchase date.

On January 8, 2011, Duke Energy entered into an Agreement and Plan of Merger (Merger Agreement) among Diamond Acquisition Corporation, a North Carolina corporation and Duke Energy's wholly owned subsidiary (Merger Sub) and Progress Energy, a North Carolina corporation engaged in the regulated utility business of generation, transmission, distribution and sale of electricity in portions of North Carolina, South Carolina and Florida. Upon the terms and subject to the conditions set forth in the Merger Agreement, Merger Sub will merge with and into Progress Energy with Progress Energy continuing as the surviving corporation and a wholly owned subsidiary of Duke Energy.

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**DUKE ENERGY CORPORATION – DUKE ENERGY CAROLINAS, LLC – DUKE ENERGY OHIO, INC. –
DUKE ENERGY INDIANA, INC.**

Combined Notes To Unaudited Condensed Consolidated Financial Statements – (Continued)

Pursuant to the Merger Agreement, upon the closing of the merger, each issued and outstanding share of Progress Energy common stock will automatically be canceled and converted into the right to receive 2.6125 shares of common stock of Duke Energy, subject to appropriate adjustment for a reverse stock split of the Duke Energy common stock as contemplated in the Merger Agreement and except that any shares of Progress Energy common stock that are owned by Progress Energy or Duke Energy, other than in a fiduciary capacity, will be canceled without any consideration therefor. Each outstanding option to acquire, and each outstanding equity award relating to, one share of Progress Energy common stock will be converted into an option to acquire, or an equity award relating to 2.6125 shares of Duke Energy common stock, as applicable, subject to appropriate adjustment for the reverse stock split. Based on Progress Energy shares outstanding at March 31, 2012, Duke Energy would issue 773 million shares of common stock to convert the Progress Energy common shares in the merger under the unadjusted exchange ratio of 2.6125. The exchange ratio will be adjusted proportionately to reflect a 1-for-3 reverse stock split with respect to the issued and outstanding Duke Energy common stock that Duke Energy plans to implement prior to, and conditioned on, the completion of the merger. The resulting adjusted exchange ratio is 0.87083 of a share of Duke Energy common stock for each share of Progress Energy common stock. Based on Progress Energy shares outstanding at March 31, 2012, Duke Energy would issue 258 million shares of common stock, after the effect of the 1-for-3 reverse stock split, to convert the Progress Energy common shares in the merger. The merger will be accounted for under the acquisition method of accounting with Duke Energy treated as the acquirer, for accounting purposes. Based on the market price of Duke Energy common stock on March 31, 2012, the transaction would be valued at \$16 billion and would result in incremental recorded goodwill to Duke Energy of \$10 billion, according to current estimates. Duke Energy would also assume all of Progress Energy's outstanding debt, which is estimated to be \$15 billion based on the approximate fair value of Progress Energy's outstanding indebtedness at March 31, 2012. Additionally, immediately upon closing of the merger, Duke Energy expects to record expenses of \$400 million to \$600 million, representing accruals for commitments made in conjunction with the merger, such as employee severance, funding charitable and community support contributions and commitments related to market power mitigation, as described further below. The Merger Agreement has been unanimously approved by both companies' Boards of Directors.

The merger is conditioned upon, among other things, approval by the shareholders of both companies, as well as expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and approval by the FERC, the Federal Communications Commission (FCC), the NRC, the NCUC, and the KPSC. Duke Energy and Progress Energy also are seeking review of the merger by the PSCSC and approval of the joint dispatch agreement by the PSCSC. Although there are no merger-specific regulatory approvals required in Indiana, Ohio or Florida, the companies will continue to update the public services commissions in those states on the merger, as applicable and as required. The status of regulatory approvals is as follows:

Federal Energy Regulatory Commission. On April 4, 2011, Duke Energy and Progress Energy, jointly filed applications with the FERC for the approval of the merger, the Joint Dispatch Agreement and the joint Open Access Transmission Tariff (OATT). On September 30, 2011, the FERC conditionally approved the merger, subject to approval of mitigation measures to address its finding that the combined company could have an adverse effect on competition in wholesale power markets in the Duke Energy Carolinas and Progress Energy Carolinas East balancing authority areas. On October 17, 2011, Duke Energy and Progress Energy filed their plan for mitigating the FERC's concerns by proposing to offer on a daily basis a certain quantity of power during summer and winter periods to the extent it is available after serving native load and existing firm obligations. On December 14, 2011, the FERC issued an order rejecting Duke Energy and Progress Energy's proposed mitigation plan, finding that the proposed mitigation plans submitted by the companies did not adequately address the market power issues. In a separate order issued December 14, 2011, the FERC dismissed the applications for approval of the Joint Dispatch Agreement and the joint OATT without prejudice to the right to refile them if Duke Energy and Progress Energy decide to file another mitigation plan to address the FERC's market power concerns stated in the FERC's September 30, 2011 order. On March 26, 2012, Duke Energy and Progress Energy filed their revised mitigation plan with the FERC. The filing requests that the FERC issue orders approving the mitigation plan, the Joint Dispatch Agreement and the joint OATT within 60 days of the filing, and no later than June 8, 2012. In addition to offering interim firm sales of capacity and energy during the summer and winter periods, Duke Energy and Progress Energy have planned seven permanent transmission upgrades, estimated to cost \$110 million, that will increase the power import capabilities into the Progress Energy and Duke Energy North Carolina and South Carolina service areas and enhance the competitive power supply options in the region. On April 13, 2012, the companies filed a response to a request for additional information which was received from the FERC on April 10, 2012. Four participants to the proceedings filed comments before the April 25, 2012 filing deadline. On May 1, 2012, the companies filed a response to the comments with the FERC.

North Carolina Utilities Commission. On April 4, 2011, Duke Energy and Progress Energy filed a merger application and joint dispatch agreement with the NCUC. On September 2, 2011, Duke Energy, Progress Energy and the NC Public Staff filed a settlement agreement with the NCUC. Under the settlement agreement, the companies will guarantee North Carolina customers their allocable share of \$650 million in savings related to fuel and joint dispatch of generation assets over the first five years after the merger closes, continue community financial support for a minimum of four years, contribute to weatherization efforts of low-income customers and workforce development during the first year after the merger closes and agree not to recover direct merger-related costs. A public hearing occurred September 20-22, 2011 and proposed orders and briefs were filed November 23, 2011. Duke Energy is required by regulatory conditions imposed by the NCUC to file with the NCUC a thirty-day advance notice of certain FERC filings prior to filing with the FERC. Accordingly, Duke Energy filed advance notice of the revised FERC mitigation plan on February 22, 2012. On May 8, 2012, Duke Energy and Progress Energy jointly filed a settlement agreement with the NC Public Staff at the NCUC which addresses various merger-related issues including retail rate recovery of the costs associated with the mitigation of wholesale market power and fuel savings associated with the Joint Dispatch Agreement. The agreement is subject to the approval of the NCUC, and is also contingent upon the approval by the FERC, without material condition or change, of the market power mitigation proposal, as well as other various merger filings currently under review at the FERC.

Public Service Commission of South Carolina. On April 25, 2011, Duke Energy and Progress Energy, on behalf of their utility companies Duke Energy Carolinas and Progress Energy Carolinas, filed an application requesting the PSCSC to review the merger and approve the proposed Joint Dispatch Agreement and the prospective future merger of Duke Energy Carolinas and Progress Energy Carolinas. On September 13, 2011, Duke Energy and Progress Energy withdrew their application seeking approval for the future merger of their Carolinas utility companies, Duke Energy Carolinas and Progress Energy Carolinas, as the merger of these entities is not likely to occur for several years after the close of the merger. Hearings occurred the week of December 12, 2011 and proposed orders and briefs were filed on December 20, 2011. Duke Energy Carolinas and Progress Energy Carolinas committed at the hearing that, as a condition for the PSCSC approving the proposed