DUKE ENERGY NYSE-DUK

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
68.20	18.2	(Trailing: 16.0 Median: NMF)	1.25	4.5%	VALUE LINE

TIMELINESS 3 Lowered 11/18/11
SAFETY 2 New 6/1/07
TECHNICAL 3 Raised 8/10/12
BETA .60 (1.00 = Market)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
High:					63.9	61.8	53.8	55.8	66.4	71.1	
Low:					50.7	40.5	35.2	46.4	50.6	60.6	

Target Price Range
2015 | 2016 | 2017

2015-17 PROJECTIONS

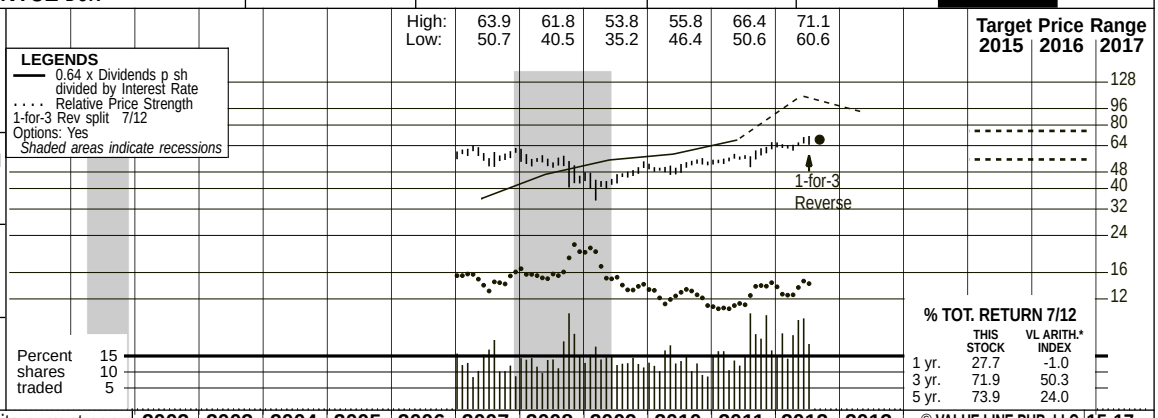
	Price	Gain	Ann'l Total Return
High	75	(+10%)	7%
Low	55	(-20%)	Nil

Insider Decisions

	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	5	0	0	1	0	0	0
to Sell	1	0	7	1	1	7	0	0	0

Institutional Decisions

	3Q2011	4Q2011	1Q2012
to Buy	400	407	393
to Sell	305	320	372
Hld's(000)	214829	220069	220614



% TOT. RETURN 7/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	27.7	-1.0
3 yr.	71.9	50.3
5 yr.	73.9	24.0

Duke Energy Corporation, in its current configuration, began trading on January 3, 2007, the day after it spun off its midstream gas operations into a new company, Spectra Energy (NYSE: SE), to shareholders. Duke Energy shareholders received half a share of Spectra Energy for each Duke share held. In July of 2012, Duke acquired Progress Energy and effected a 1-for-3 reverse split. Data for the "old" Duke are not shown because they are not comparable.

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
--	--	--	--	25.32	30.24	31.15	29.18	32.22	32.63	*28.55*	*36.45*	Revenues per sh	*41.25*
--	--	--	--	7.86	8.11	7.34	7.58	8.49	8.68	*6.90*	*9.00*	"Cash Flow" per sh	*10.00*
--	--	--	--	2.76	3.60	3.03	3.39	4.02	4.14	*3.80*	*4.45*	Earnings per sh A	*5.00*
--	--	--	--	--	2.58	2.70	2.82	2.91	2.97	*3.03*	*3.09*	Div'd Decl'd per sh B ■ †	*3.30*
--	--	--	--	8.07	7.43	10.35	9.85	10.84	9.80	*7.95*	*9.00*	Cap'l Spending per sh	*3.30*
--	--	--	--	62.30	50.40	49.51	49.85	50.84	51.14	*56.75*	*58.10*	Book Value per sh C	*19.50*
--	--	--	--	418.96	420.62	423.96	436.29	442.96	445.29	*704.00*	*705.00*	Common Shs Outst'g D	*1340.0*
--	--	--	--	--	16.1	17.3	13.3	12.7	13.8	*Bold figures are*		Avg Ann'l P/E Ratio	*12.5*
--	--	--	--	--	.85	1.04	.89	.81	.87	*Value Line*		Relative P/E Ratio	*.85*
--	--	--	--	--	4.4%	5.2%	6.2%	5.7%	5.2%	*estimates*		Avg Ann'l Div'd Yield	*5.2%*
--	--	--	--	10607	12720	13207	12731	14272	14529	*20100*	*25700*	Revenues ($mill)	*29200*
--	--	--	--	1080.0	1522.0	1279.0	1461.0	1765.0	1839.0	*2195*	*3145*	Net Profit ($mill)	*3570*
--	--	--	--	29.4%	31.9%	32.5%	34.4%	32.6%	31.3%	*31.5%*	*31.5%*	Income Tax Rate	*31.5%*
--	--	--	--	6.9%	7.2%	16.0%	17.5%	22.7%	23.2%	*20.0%*	*13.0%*	AFUDC % to Net Profit	*11.0%*
--	--	--	--	41.0%	30.9%	38.7%	42.6%	44.3%	45.1%	*46.5%*	*48.0%*	Long-Term Debt Ratio	*51.5%*
--	--	--	--	59.0%	69.1%	61.3%	57.4%	55.7%	54.9%	*53.0%*	*52.0%*	Common Equity Ratio	*48.5%*
--	--	--	--	44220	30697	34238	37863	40457	41451	*75100*	*79075*	Total Capital ($mill)	*91500*
--	--	--	--	41447	31110	34036	37950	40344	42661	*68800*	*71950*	Net Plant ($mill)	*82400*
--	--	--	--	3.1%	6.0%	4.8%	4.9%	5.5%	5.6%	*4.0%*	*5.0%*	Return on Total Cap'l	*5.5%*
--	--	--	--	4.1%	7.2%	6.1%	6.7%	7.8%	8.1%	*5.5%*	*7.5%*	Return on Shr. Equity	*8.0%*
--	--	--	--	4.1%	7.2%	6.1%	6.7%	7.8%	8.1%	*5.5%*	*7.5%*	Return on Com Equity E	*8.0%*
--	--	--	--	4.1%	2.0%	.6%	1.1%	2.1%	2.2%	*1.0%*	*2.5%*	Retained to Com Eq	*3.0%*
--	--	--	--	--	72%	89%	84%	73%	72%	*80%*	*69%*	All Div'ds to Net Prof	*66%*

CAPITAL STRUCTURE as of 6/30/12
Total Debt $21386 mill. **Due in 5 Yrs** $9364.0 mill.
LT Debt $18454 mill. **LT Interest** $1052.0 mill.
Incl. $283.0 mill. capitalized leases. Incl. $915.0 mill. nonrecourse LT debt of variable interest entities.
(LT interest earned: 3.3x)
Leases, Uncapitalized Annual rentals $81.0 mill.
Pension Assets-12/11 $4.74 bill. **Oblig.** $4.88 bill.
Pfd Stock None
Common Stock 704,125,200 shs. **as of 8/3/12**
MARKET CAP: $48 billion (Large Cap)

ELECTRIC OPERATING STATISTICS

	2009	2010	2011
% Change Retail Sales (KWH)	-5.9	+7.0	-2.1
Avg. Indust. Use (MWH)	2406	2440	3062
Avg. Indust. Revs. per KWH (¢)	4.31	4.86	4.89
Capacity at Peak (Mw) F	19894	19908	19356
Peak Load, Summer (Mw) F	16246	16712	NA
Annual Load Factor (%) F	56.0	58.0	NA
% Change Customers (avg.)	+.2	+.4	+.3
Fixed Charge Cov. (%)	308	295	292

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	--	4.5%	*4.5%*
"Cash Flow"	--	1.0%	*3.5%*
Earnings	--	7.0%	*4.5%*
Dividends	--	--	*2.0%*
Book Value	--	-4.0%	*3.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	3312	2913	3396	3110	12731
2010	3594	3287	3946	3445	14272
2011	3663	3534	3964	3368	14529
2012	3630	3577	*6950*	*5943*	*20100*
2013	*6000*	*6100*	*7250*	*6350*	*25700*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.81	.63	1.17	.78	3.39
2010	1.02	.87	1.53	.60	4.02
2011	1.14	.99	1.35	.66	4.14
2012	1.26	.99	*1.10*	*.45*	*3.80*
2013	*1.20*	*1.00*	*1.50*	*.75*	*4.45*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ † Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.66	.66	.69	.69	2.70
2009	.69	.69	.72	.72	2.82
2010	.72	.72	.735	.735	2.91
2011	.735	.735	.75	.75	2.97
2012	.75	.75	.765		

BUSINESS: Duke Energy Corporation is a holding company for utilities with 7.1 mill. electric customers in North Carolina, Florida, Indiana, South Carolina, Ohio, & Kentucky, and over 500,000 gas customers in Ohio & Kentucky. Owns independent power plants & has international operations. Acq'd Cinergy 4/06; spun off midstream gas ops. 1/07; acq'd Progress Energy 7/12. Elec. rev. breakdown: residential, 42%; commercial, 31%; industrial, 19%; other, 8%. Generating sources: coal, 53%; nuclear, 33%; other, 2%; purch., 12%. Fuel costs: 35% of revs. '11 reported deprec. rates: 2.6%-3.5%. Has 29,250 employees. Chairman, President & CEO: James E. Rogers. Inc.: DE. Address: 550 South Tryon St., Charlotte, NC 28202-1803. Tel.: 704-382-3853. Internet: www.duke-energy.com.

Duke Energy's takeover of Progress Energy created more controversy after completion than while awaiting regulatory approval. In early July, Duke issued about $17 billion in stock for Progress, which has utilities in North and South Carolina and in Florida. *(Note: All per-share data have been adjusted for a 1-for-3 reverse split paid July 3rd.)* As Duke announced the completion of the deal, it also stated that Bill Johnson (the former Progress CEO who was slated to take over as CEO of Duke) had "resigned . . . by mutual agreement." Jim Rogers remained CEO. Subsequently, some former Progress officers and directors resigned, as well. The North Carolina commission held hearings about the unexpected management change, and a rating agency lowered its corporate credit ratings on Duke.

The controversy doesn't seem to have hurt Duke's stock—so far. It has performed in line with most electric utility equities since the closing of the deal. However, that's not to say that there won't eventually be any repercussions. The company is planning rate filings in the Carolinas later in 2012. Rate orders there have been reasonable in recent years, but it remains to be seen whether this will continue when the commissions issue their rulings next year. The merger integration process might also be hampered, too.

Duke has other worries. The Crystal River 3 nuclear unit remains out of service, as it has been since September of 2009. Repair costs would probably be more than $1 billion. Whether this is covered by insurance is in dispute. A coal gasification plant that Duke is building in Indiana went over budget by nearly $1 billion, resulting in writedowns in 2011 and 2012, and the start-up date has been delayed from September until early 2013.

Duke expects to incur $450 million-$550 million of merger-related expenses in the second half of 2012. We are *including* these in our presentation. Earnings should be much higher in 2013.

This stock's yield is about half a percentage point above the utility mean. In our view, this isn't enough to compensate investors for the uncertainties that Duke is facing. Furthermore, total return potential to 2015-2017 is unappealing.

Paul E. Debbas, CFA *August 24, 2012*

(A) Diluted EPS. Excl. nonrec. gain (losses): '08, 15¢; '09, (63¢); '10, ($1.02); '11, (30¢); '12, (60¢). Next egs. report due early Nov. (B) Div'ds historically paid in mid-Mar., June, Sept. & Dec. ■ Div'd reinvest. plan avail. (C) Incl. intang. In '11: $18.06/sh. (D) In mill., adj. for reverse split. (E) Rate base: Net orig. cost. Rates allowed on com. eq. in '12 in NC and SC: 10.5% (Duke); in '09 in OH: 10.63% (elec.); in '04 in IN: 10.3%; earned on avg. com. eq., '11: 8.1%. Regul. Climate: NC Avg.; SC, OH, IN Above Avg. (F) Carolinas only.

Company's Financial Strength	A
Stock's Price Stability	100
Price Growth Persistence	80
Earnings Predictability	75

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