

Duke Energy Sustainability Plan and Progress at a Glance

This sustainability plan reflects Duke Energy's commitment to operate our company in a way that is good for people, the planet and profits. It recognizes and addresses the key economic, environmental and social opportunities and risks facing our industry today and in the future. The plan expands on the company's business strategy and values. It does not focus on every sustainability initiative at Duke Energy – and there are many.

Instead, we focus on the areas that are most material from a sustainability perspective. We listen and incorporate feedback from our stakeholders into this plan and review it each year to reflect new developments. Unless otherwise noted, our intent is to achieve the goals in this plan by 2012. The progress we have made so far is summarized at the right. A detailed description of our progress against these goals can be found in the following pages of this sustainability report.

PROGRESS KEY

- TARGET ACHIEVED OR ON TRACK
- RESULTS CURRENTLY NOT ON TRACK
- NEW GOAL

1

INNOVATIVE PRODUCTS AND SERVICES

Provide innovative products and services for a carbon-constrained, competitive world

Why it matters: Our customers want products and services that keep them competitive regionally and globally, yet respond to environmental concerns.

PROGRESS | GOALS

- Champion energy efficiency as a top industry issue and collaborate with regulators, customers and other key stakeholders to advance innovative policies and programs
- Aggressively pursue “smarter grid and meter” technologies that can deliver significant operational and customer benefits
- Expand green power options to customers in every state we operate
- Keep rates competitive and achieve top quartile customer satisfaction in all markets as measured by national benchmark surveys

BRUCE RAIBLE, METER READER, USES ADVANCED METERING TECHNOLOGY TO TEST A CUSTOMER'S METER.



2

ENVIRONMENTAL FOOTPRINT

Reduce our environmental footprint

Why it matters: As an energy company, we have a large impact on the environment and depend on natural resources for much of our fuel.

PROGRESS | GOALS

Diversify our fuel mix and address the climate change issue by:

- Promoting U.S. federal policy mandating economy-wide reductions of greenhouse gas emissions
- Creating the option to build new nuclear (carbon free) generation
- Piloting clean coal and other innovative technologies, e.g., advanced integrated gasification combined cycle technology, geological carbon dioxide sequestration
- Securing cost-effective alternative sources of energy
- Reducing, avoiding and/or sequestering at least 10 million tons of carbon dioxide equivalents between 2007 and 2015
- Continue to focus on safe, reliable and efficient power plant operations

JESSE ARIAS, SCIENCE TECHNICIAN III, AND LAUREN PHILSON, TECHNICIAN, ANALYZE THOUSANDS OF WATER AND COAL



New Goals for 2008

Continue and expand our efforts to improve air quality by:

- Reducing the nitrogen oxide and sulfur dioxide emission rates of the coal-fired power plants we operate 10% and 35%, respectively, by 2008 compared to 2006
- Reducing the nitrogen oxide, volatile organic compound, particulate matter and carbon monoxide emissions from our on-road and non-road vehicle fleet by an average of 35% by 2012 compared to 2006
- Continuing to replace older natural gas lines thereby reducing the number of leaks repaired 20% by 2012 compared to 2007
- Increasing employee participation in our transit subsidy and telecommuting programs

SAMPLES EACH YEAR AT THE DUKE ENERGY ENVIRONMENTAL CENTER LOCATED IN HUNTERVILLE, N.C.



Minimize the amount of waste requiring disposal by:

- Reducing the amount of low-level radioactive waste (class B and C) generated at our nuclear power plants 25% by 2012 compared to the 2002-2006 average
- Increasing the sale of coal combustion byproducts for beneficial reuse 10% by 2012 compared to 2007
- Measuring solid waste and recycling streams across the company in 2008 to establish baseline data for goal setting and improvement purposes

Address long-term water supply issues by:

- Conducting water balance surveys during 2008 at plants in areas with scarce or stressed water supply to better understand how water is currently being utilized
- Collaborating with other large water users and withdrawers in the Carolinas as the region experiences continued population growth and drought conditions
- Reduce energy consumption at our largest commercial buildings 10% by 2012 compared to the 2005-2007 average

3

QUALITY WORKFORCE

Attract and retain a diverse, high quality workforce

Why it matters: Energy companies will be differentiated by the quality, creativity and customer focus of their employees.

PROGRESS | GOALS

- Achieve zero fatalities and top decile safety performance in total incident case rate (TICR)
- Develop a culture of wellness by encouraging, supporting and rewarding improved employee health and well-being
 - Attract, retain and engage a diverse, talented workforce by:
 - Implementing a more effective employee recruitment and development plan
 - Developing and implementing innovative employee programs and benefits, e.g., alternative work locations
 - Launching ways to transfer or retain critical knowledge given that approximately one-third of the workforce may retire in the next five years
- Drive understanding of the value of sustainability within the company to inspire ideas and innovation



4

STRONG COMMUNITIES

Help build strong communities

Why it matters: Our success is linked to the health and prosperity of the communities we serve.

PROGRESS | GOALS

- Partner to stimulate economic growth in our communities by attracting 14,400 jobs and \$2.8 billion in capital investment in 2008 (The 2007 target of 12,500 jobs and \$2.4 billion in capital investment was exceeded)
- Invest over \$17 million annually in community programs that improve the quality of life in our communities
- Implement tools for our communities to use that will support their long-term planning
- Increase spending with diverse suppliers by 5% a year
- Implement initiatives to support public safety in our communities

LEFT: JENNIFER HYNES, STATION EQUIPMENT EXPERT; BELOW: STEVE HIGHTOWER, CEO, HIGHTOWERS PETROLEUM



5

GOVERNANCE AND TRANSPARENCY

Be profitable and demonstrate strong governance and transparency

Why it matters: Creating shareholder value and earning the trust and confidence of our many stakeholders keeps us in business.

PROGRESS | GOALS

- Provide investors a superior and sustainable return on their investment
- Assure that we have effective ethics and compliance programs
- Regularly benchmark our corporate governance practices against best-in-class and industry peers and recommend revisions as appropriate
- Assess our supply chain (services and products) from a sustainability perspective and implement appropriate follow-up actions
- Communicate clearly and frequently with our stakeholders

SEAN TRAUSCHKE, SENIOR VICE PRESIDENT, INVESTOR RELATIONS AND FINANCIAL PLANNING AND DAVID MALTZ, VICE PRESIDENT, LEGAL

