

Build Strong Communities

2007 CHALLENGE

- Help keep our service regions competitive with other locations

WHAT WE DID IN 2007

- Preserved electric rates below national averages
- Helped attract approximately \$3.7 billion in capital investment and 15,270 jobs in our service areas

2007 OPPORTUNITY

- Use our customer and community programs to help differentiate the regions we serve

WHAT WE DID IN 2007

- Received high satisfaction marks from community leaders
- Awarded approximately \$18 million in contributions to community programs in our service areas

Economic development exceeds expectations

Duke Energy's success is directly linked to the communities we serve. We partner with economic development specialists in our five-state service territory to help attract new business and industry. Energy prices and reliability – coupled with the overall quality of life – are important criteria when businesses determine where to locate.

In 2007, Duke Energy's economic development specialists worked with state and regional government officials to help attract approximately \$3.7 billion in capital investments and 15,270 new jobs to the five states we serve. That exceeded our goals of 12,500 new jobs and \$2.4 billion in investment.

While our representatives in each state were involved in dozens of successful projects, a few stand out:

- **Google** – Internet search leader Google is building a data storage center in Caldwell County, N.C. The company plans to invest up to \$600 million on its new facility and create 210 new and relatively well-paying jobs in the next four years.

- **Honda Jet** – This subsidiary of Honda Motors announced plans to locate its world headquarters and airframe assembly plant at Piedmont Triad International Airport in N.C. Honda will invest up to \$100 million and create more than 280 jobs with average wages of more than \$70,000 per year. The plant will produce the company's eight-person, twin engine private jet.

- **Cummins Engine** – It is often better to re-use existing structures than to build new ones. Cummins Inc. will invest \$250 million and create more than 600 new jobs to produce a new light-duty diesel engine at its Columbus, Ind., plant. The building is a former heavy-duty engine assembly plant that closed in 2002.

- **Amylin Pharmaceuticals** – This biotech firm demonstrates the popularity of southern Ohio for specialized manufacturing. Amylin is expanding a facility that was already under construction into a \$400 million project. About

“This company (Google) will provide hundreds of good-paying, knowledge-based jobs that North Carolina citizens want. It will help reinvigorate an area hard hit by the loss of furniture and textile jobs with 21st century opportunities.”

– North Carolina Governor
Mike Easley

500 new jobs will be created in Butler County, Ohio, to produce a new, once-a-week drug to treat Type 2 diabetes.

- **Tata Consultancy Services (TCS)** “Insourcing” is a new term that perfectly describes this new development in the Greater Cincinnati region in 2007. TCS, the largest business conglomerate in India, announced that its North American Service Delivery Center would come to the area. The \$20 million development is expected to eventually employ approximately 1,000 software engineers, information technology consultants, sales staff and administrative support personnel.

Each of these projects will have a multiplier effect on the number of jobs created as suppliers, support industries, and general retailers arrive to serve their customers.

“Bioscience brings highways, jobs, investment in research and medical breakthroughs that benefit the people of Ohio and people around the world.”

– Ohio Governor Ted Strickland

One of the top utilities

Site Selection magazine named Duke Energy as one of the “Top 10 Utility Companies of the Year” in economic development for the ninth consecutive year. The magazine based its selection on total capital investment, investment per capita, total jobs created and jobs created per capita.

Sustainable communities

The cost and reliability of energy supplies are only two of many factors that concern our customers and communities. Less obvious aspects of economic development include the quality of educational facilities, parks and recreational opportunities and arts and cultural amenities, all of which make cities and towns desirable and sustainable places to grow a business. To help make our communities more sustainable, Duke Energy offers a Web-based assessment tool for community leaders at www.global-community.org/duke-energy.



WABASH RIVER ENHANCEMENT CORP.

The Duke Energy Foundation contributed toward phase 1 of the four-county Wabash River (Ind.) Corridor master plan. This plan will focus on sustainable opportunities for economic development, recreation, education, health and environmental management. This is the first regional planning effort for the entire corridor and not just for a section within a specific political jurisdiction.

CAROLINA THREAD TRAIL

Duke Energy is the lead corporate sponsor of this effort to connect 15 counties in N.C. and S.C. with a system of greenways and trails. We have committed \$4.5 million in cash, land, and in-kind resources toward this project that future generations will enjoy. The Trust for Public Land will provide technical assistance to communities throughout the planning and design process. Catawba Lands Conservancy is the lead agency for the project.

STUDENTS GET HANDS-ON TRAINING IN ARGENTINA

As part of its community relations and sustainability program, DEI Argentina started a training school, Generar, to provide training on power plant operations, maintenance and safety to technical school students. Through Generar, Duke Energy contributes to the development and education of young men and women interested in a career in the energy industry.

CINCINNATI ZOO AND BOTANICAL GARDEN

Duke Energy was a significant contributor to the Leadership in Energy and Environmental Design (LEED) certification for a new education center. Solar panels should cut the energy usage by 40 percent.





TOP TO BOTTOM: KIM GLENN, SUPERVISOR – DISTRIBUTION DESIGN AND CHIP WOOD, VICE PRESIDENT, BUSINESS AND COMMUNITY RELATIONS; BRIAN MEYER, MANAGER, SUBSTATION ENGINEERING; AND DELIA FISHER, MANAGER, PORTFOLIO ADMINISTRATION. EMPLOYEES MAKE A DIFFERENCE BY PARTICIPATING IN NUMEROUS COMMUNITY BEAUTIFICATION PROJECTS DURING OUR GLOBAL SERVICE EVENT.

Public safety outreach

Duke Energy launched a comprehensive outreach and education campaign in 2007 to promote public safety and educate people on how to avoid the dangers of electricity and natural gas. The project was a joint effort between Duke Energy's public safety team and various vendors.

As part of the outreach campaign, a safety training kit was created for outside contractors, emergency response agencies and schools. Nearly 80,000 kits containing a safety brochure and poster were distributed. The kits also included information on how to receive additional safety booklets, equipment decals and a DVD/CD containing a video, PowerPoint slide show, presenter notes and a trainer's guide.

Duke Energy also uses bill inserts on safety to reach customers. Radio ads promote electric and natural gas safety, complementing safety demonstrations. We reached more than 11,000 individuals with face-to-face presentations.

To learn more about public safety, visit our Web site at: www.duke-energy.com/safety/.

Diverse supplier spending

Spending for goods and services provided by minority- and woman-owned businesses increased considerably, from \$143.2 million in 2006 to \$187 million in 2007. This 31 percent increase significantly exceeded our goal of a 5 percent increase, or \$150.4 million.

There were two major reasons: One was a large increase in spending with a principal supplier; the other was improved record-keeping. We are consolidating data from accounts payable systems used by our Midwest and Carolinas operations and have better data on small purchases made with company credit cards. Both improvements help us better track purchases from diverse suppliers.

Global Service Event: part of the Duke Energy brand

Each spring, Duke Energy's Global Service Event (GSE) encourages volunteerism and teamwork by helping employees identify, plan and execute projects that make a difference in their communities. 2007 was the 10th year of GSE – and the volunteer event has become an integral part of our company's brand.

During the 2007 GSE, more than 4,500 employees tackled 500 projects in 156 communities, benefiting 376 different nonprofits. To put this into perspective, Duke Energy volunteers dedicated the equivalent of seven working years – roughly 15,000 hours – to community service projects.

Volunteerism and service to community continues after retirement. In 2007, Duke Energy retirees in our 23 chapters volunteered an estimated 245,000 hours to support hundreds of charitable projects.

2007 community giving summary

Duke Energy contributes to its communities through civic leadership, volunteerism and contributions. While we often talk about the company's giving in terms of the Duke Energy Foundation, that's only part of the story.

Each year, we aggregate all of the contributions made by Duke Energy, including Foundation and other cash contributions; in-kind gifts and services; and the contributions and the value of volunteerism of our employees and retirees. **In 2007, charitable giving from the Duke Energy Foundation, Duke Energy Corporation and its employees and retirees totaled more than \$31 million.**

FUNDING SOURCE	\$ MILLIONS	COMMENTS
Strategic charitable grants supporting the Duke Energy Foundation's philanthropic focus areas.	\$18.2	Duke Energy charitable dollars are allocated across the states we serve, and are evaluated locally by regional contributions councils. Our direct charitable giving supported these focus areas: <ul style="list-style-type: none"> ■ Community vitality – 61% ■ Economic development, including education initiatives – 23% ■ Environment and energy efficiency – 16%
Other contributions, goods and services	\$2.4	Charitable sponsorships, donations of goods, property and services.
Subtotal: Charitable Giving	\$20.6	Each year we compare our charitable giving to industry benchmarks. Our total charitable giving of over \$20 million in 2007 is on par with industry benchmarks at just under 1 percent of pre-tax net income.
Leveraged funds and value of volunteerism	\$10.8	Duke Energy employee and retirees also generously contribute volunteer time as well as cash contributions through company supported programs such as matching gifts, volunteer grants and United Way campaigns.
Total Giving	\$31.4	

2007 HIGHLIGHTS

- In 2007, Duke Energy, its employees and retirees contributed nearly \$5 million to United Way agencies in the U.S. The United Way of Central Indiana recognized Duke Energy for the largest increase in corporate giving in 2007, 47 percent over the previous year.
- Duke Energy worked hard in 2007 to create positive outcomes in the safety area by providing nearly \$1.3 million to charitable organizations that provided educational programs on safety and advocacy for safe work habits, and

healthcare or other services for victims of accidents.

- Duke Energy Kentucky recently received the *Outstanding Corporate Leadership – Large Business Award* at the 2007 Northern Kentucky Celebration of Philanthropy. In addition to the \$31 million in charitable contributions, Duke Energy invested over \$17.5 million in our communities through regulatory and other business initiatives, including:
 - Duke Energy Carolinas' shared profits from bulk power marketing (BPM) through a series of innovative

programs with industrial customers, economic developers and public assistance agencies in the Carolinas. Contributions from BPM in 2007 totaled over \$7.2 million, including \$2.65 million for programs for low-income customers such as Share the Warmth, Cooling Assistance and Fan Relief; approximately \$3 million to the North Carolina Community College Grant Program; and \$1.58 million to education in South Carolina through AdvanceSC. Although the majority of these dollars provided services in 2007, a portion of the dollars are held in community funds to be distributed in coming years.

- Low-income energy assistance programs in Ohio (HeatShare), Kentucky (WinterCare), and Indiana (Helping Hand) received over \$750,000 from Duke Energy and close to an additional \$225,000 from employee and customer contributions. Programs for low-income customers in the Carolinas – Share the Warmth, Cooling Assistance and Fan Relief – are funded from a variety of sources, including customer and employee contributions, BPM profit sharing and the Duke Energy Foundation.
- We announced a unique partnership, valued at \$1.5 million, with Furman University in South Carolina to showcase the latest technology in sustainability and energy efficiency.
- As part of the Catawba-Wateree hydro relicensing process, we donated \$9.32 million to support the purchase of land in the Catawba-Wateree River Basin by the states of North Carolina and South Carolina for public recreation, wildlife habitat and/or compatible permanent conservation.