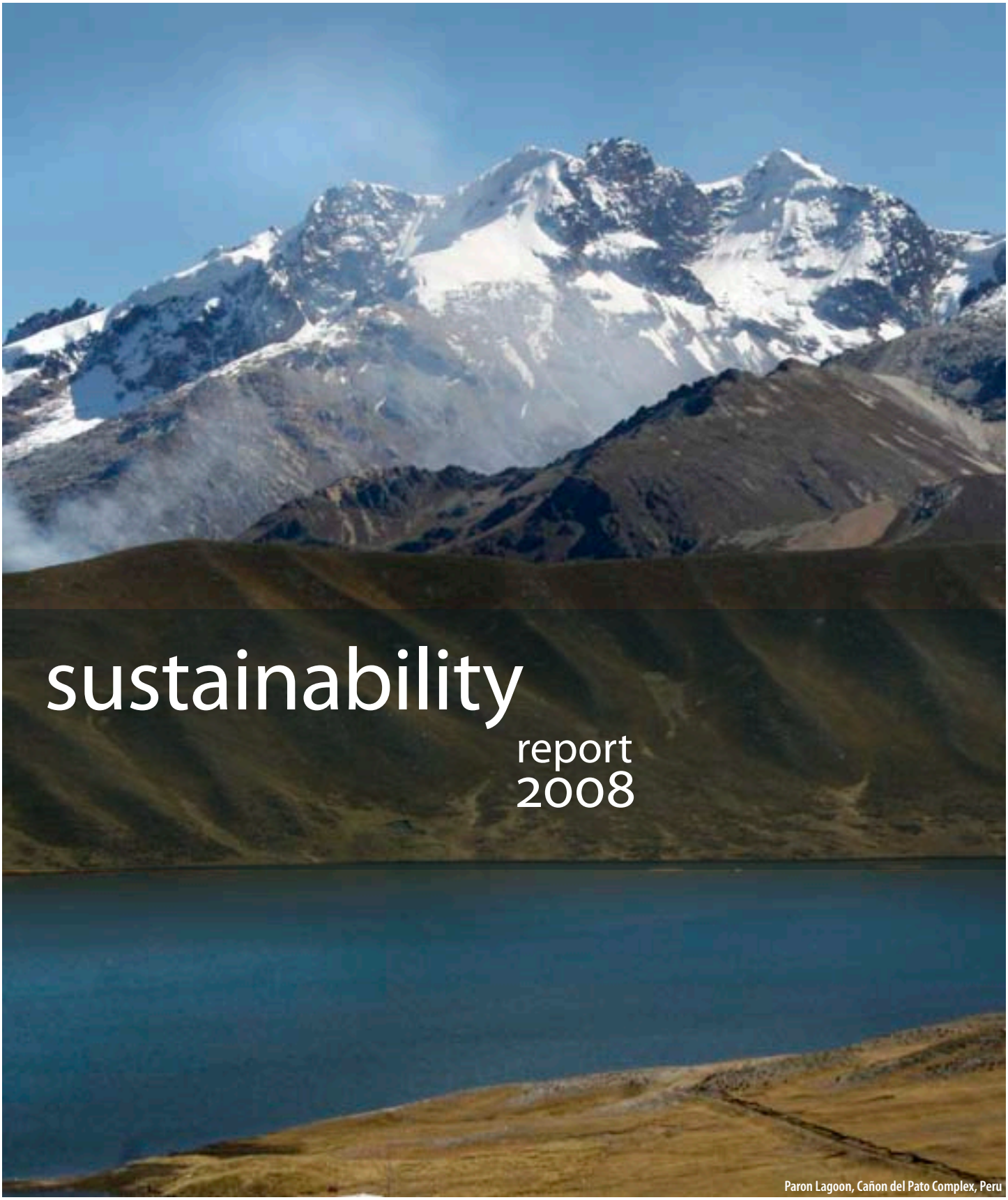


sustainability report 2008

Paron Lagoon, Cañon del Pato Complex, Peru

REDEFINING OUR BOUNDARIES

Duke Energy® International

Contact Information

We welcome your comments
and questions about this report.
Send any feedback to:

Michael Dean Bernard
General Manager - Sustainability, EHS & CM
Duke Energy International, LLC
5555 San Felipe,
Houston, TX 77056
mdbernard@duke-energy.com

Contents

Richard McGee, President

Letter from the President

Dear Stakeholders,

I am proud to present Duke Energy International's first Sustainability Report. This report illustrates how we have been operating our business with a focus on sustainability for many years. Additionally, we hope to give you a better understanding of who we are as a company and the values and principles that drive our strategy and operating philosophy. You will learn how our approach to our business and markets is grounded in a long-term perspective and the simple yet powerful imperative of operating in a way that is good for people, the planet and profits. At Duke Energy, these are not mutually exclusive concepts; quite the contrary, they are inseparable and mutually dependent objectives, all of which must be met in order for us to sustain success over the long-term.

DEI's business is focused on power generation in Latin America, but the current economic crisis highlights how we live in a world that is interconnected and interdependent. Our economic interdependency, our shared and increasingly scarce resource base, and our common living environment ensure that our actions in one corner of the globe have real consequences in other parts of the world. Today, this reality sets the context for a global economy in crisis and an energy industry that is being challenged to transform itself to meet the demands of our markets in a responsible way.

In this environment, DEI recognizes the need to reduce carbon dioxide emissions, identify and develop alternative energy sources, support the communities where we operate, and continue to grow and develop an exceptional workforce, all while remaining profitable in a way that creates long term value for our shareholders and other stakeholders.

In order to meet these multi-faceted challenges, our sustainability plan focuses on the following five main objectives:

- Provide products and services for the markets we serve that balance the realities of our markets with the fact that we live in a carbon-constrained, competitive world.
- Reduce our environmental footprint by maintaining the low carbon intensity of our generation portfolio, reducing Greenhouse Gases and other pollutants, increasing the efficiency of our operations and pursuing generation solutions for our markets that strike the proper balance between cost and reliability on the one hand, and environmental impact on the other.
- Attract and retain a diverse workforce by maintaining and enhancing a work environment and culture that places our employees and contractors at the center of a value system with the highest level of priority on employee and contractor safety, training and education, and responsibility to society and the communities where we live and work.
- Help build strong communities by actively supporting and involving ourselves in the communities where we do business.
- Be profitable and demonstrate strong governance and transparency through a continued focus on productivity and efficiency in our business and an internal and external commitment to open, honest and frequent communication.

While we still have much to accomplish, I am pleased to report that we are off to a good start. This report details some of our accomplishments to date in each of these areas and sets forth our focus areas going forward for each objective. We are proud of what we have accomplished so far, but recognize that sustainability is a long-term journey. We have a solid foundation on which to build and I invite your feedback on ways that we can improve and enhance that foundation. Your comments will help shape and inform our future plans and progress, and ensure that we continue to operate our business in a way that is good for people, the planet and profits.

Sincerely,

Richard McGee
President, Duke Energy International
June 15, 2009

Michael D. Bernard, General Manager Sustainability, EHS&CM

About this Report

We are at a defining time in history, where continuing population growth and the associated consumption of natural resources, global climate change, and the emergence of strong social responsibility and indigenous people movements are just a few issues fundamentally changing our lives and the direction of our company. To address these issues, it is critical to establish a new decision-making framework that will allow us to maximize opportunities and efficiently minimize risks presented by these changes.

In 2007, Duke Energy Corporation published its first five-year sustainability plan and report. This plan reflects Duke Energy's commitment to proactively manage those areas of sustainability that are most material to us in a way that is good for people, the planet and profits. During the past year, Duke Energy International (DEI) assessed our operations and identified the most significant issues under each focus area of the Duke Energy Corporate Sustainability Plan. This process resulted in prioritizing, developing clear objectives and monitoring progress to support each of these areas. As we move forward and refine our objectives and targets, we expect to reflect on and gain from the input of our stakeholders.

This first DEI Sustainability Report is a significant milestone for our company. It describes our strategies, activities and performance across the three areas of sustainability—economic, environmental and social—and highlights our contributions and commitments toward our people, surrounding communities, the environment, safety of our employees and our business. It also reflects the profound changes at our company and in the communities we serve, and demonstrates we understand sustainability as a business strategy. We are learning to take a longer-term view of our decisions, our investments and the potential associated impacts. We are embracing the need to consider the economic, community and environmental nexus of our decisions.

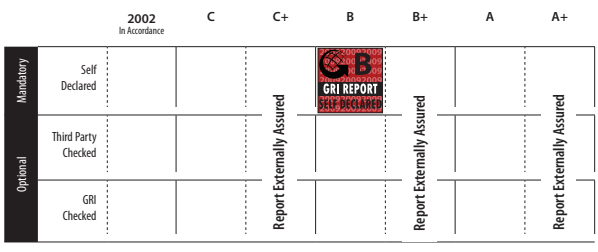
As we embark on this journey, we will continue to improve and further incorporate sustainability considerations in our day-to-day operations, relying on our greatest asset, our people, to meet these goals and challenges.

As this report shows, DEI is truly committed to sustainability throughout our operations, and I am delighted to highlight our progress over the last few years. It is thanks to the hard work of all our employees and contractors that we have the opportunity to report on DEI's achievements.

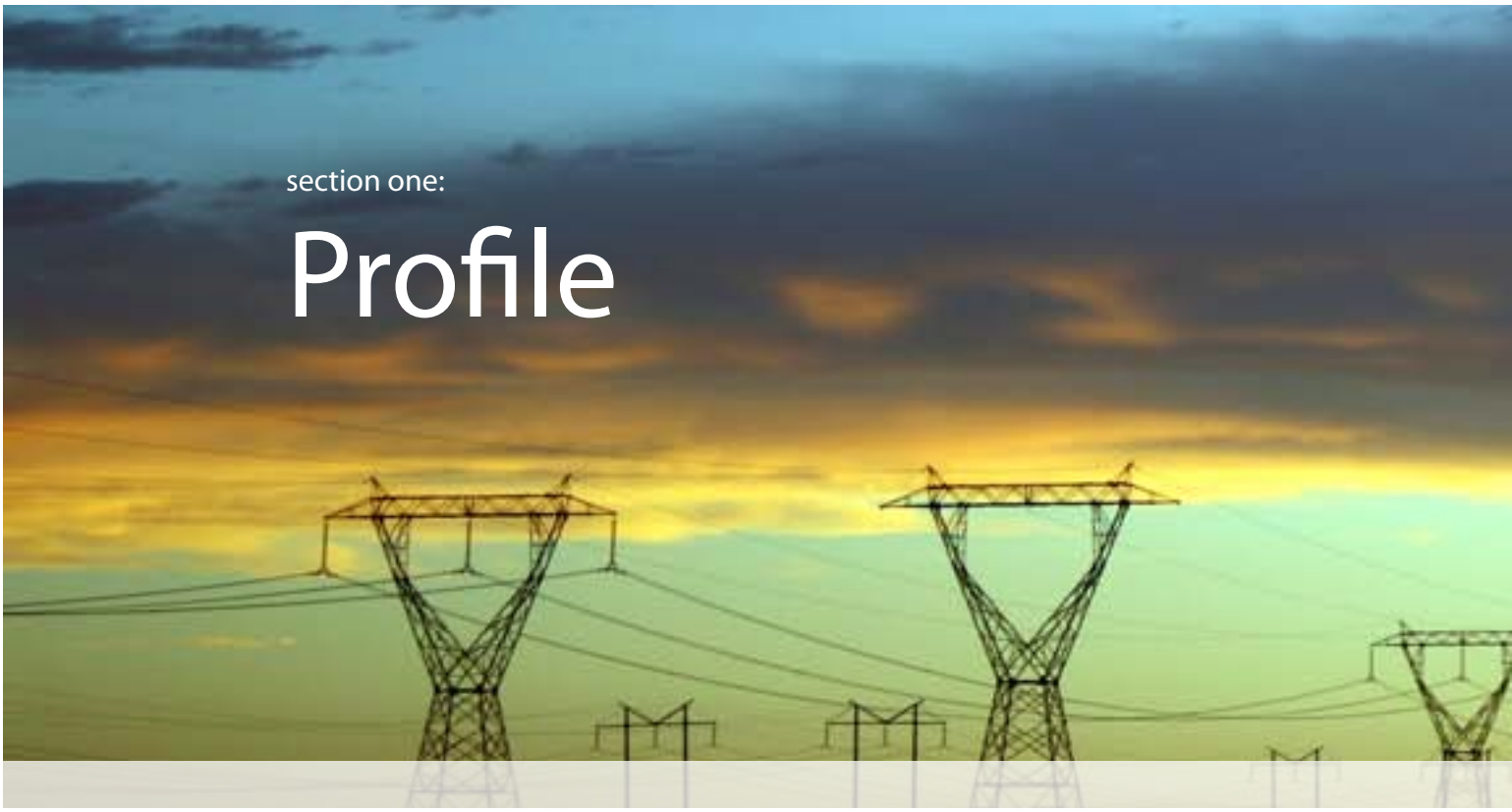
This report has been organized following the Global Reporting Initiative (GRI) Guidelines, and after performing a self-assessment following the GRI Guidelines Application Levels criteria, we believe we meet GRI Application Level B.

I welcome your comments and feedback on how we can improve our processes to drive toward a more sustainable future.

Michael D. Bernard
General Manager Sustainability, EHS & CM
June 15, 2009



DEI's GRI Application Level Grid



section one:

Profile

Duke Energy International (DEI)—a subsidiary of Duke Energy Corporation, one of the largest electric generation businesses in the United States, providing energy and natural gas distribution service throughout parts of the Midwest and the Carolinas—operates and manages power generation facilities in Latin America, with hydro and thermoelectric assets in Argentina, Brazil, Ecuador, El Salvador, Guatemala, and Peru, making it a widely diverse company, both culturally and geographically. Our headquarters are in Houston, Texas.

Strategy and Analysis

Duke Energy Corporation operates with an eye on the future, recognizing a responsibility to contribute to a healthy economy, clean environment and strong social fabric today and for future generations. This balanced, long-term approach is part of our business strategy and aimed at building value for our investors. This commitment is reinforced by clear management expectations and company-wide policies by which progress is regularly measured.

DEI's sustainability approach, is aligned and consistent with Duke Energy's sustainability plan and goals. It recognizes the interdependence among customers, the health of the communities served, and business success as drivers of our commitment to sustainability and environmental leadership.

DEI's sustainability plan reflects our commitment to operate the company such that we benefit our employees, the surrounding communities, the environment, and our business viability. The plan recognizes and addresses the key economic, environmental and social opportunities and risks facing the electric industry today and in the future, expands on our business strategy and values, and focuses on the areas most pertinent to sustainability. The goals of this plan are described on pages 6 and 7.

Key Impacts, Risks and Opportunities

The three key areas of sustainability – economic, environmental and social – and the key impacts, risks and opportunities associated with each are summarized below. Each area is discussed in more detail throughout this report.

Economic Dimension

Providing investors a superior and sustainable return on investment is one of Duke Energy's sustainability goals. To accomplish this, we work with our business units and companies to optimize investment capacity, identify strategic growth opportunities, meet and exceed the operational effectiveness of our assets, and uphold a solid financial structure that helps us meet our strategic objectives.

Equally important is our ability to provide innovative products and services, satisfy growing demand, and meet stakeholder expectations. Doing so, DEI not only creates value for investors, we also stimulate economic growth in the communities where we operate, through investments in infrastructure, technology, research and development, and human resources, all of which directly contribute to economic development.

Duke Energy's
sustainability plan goals

Goal:

Innovative products and services

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

Why it is important:

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

Goal:

Environmental footprint

Reduce our environmental footprint.

Why it is important:

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

Goal:

Quality workforce

Attract and retain a diverse, high-quality workforce.

Why it is important:

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

Goal:

Strong communities

Help build strong communities.

Why it is important:

Our success is linked to the health and prosperity of the communities we serve.

Duke Energy International's
management approach to sustainability

Goal:

Governance and transparency

Be profitable and demonstrate strong governance and transparency.

Why it is important:

Creating shareholder value and earning the trust and confidence of our many stakeholders keep us in business.

1. Develop a sustainability plan

Internal inputs:

- vision and values
- business strategy
- input from company Subject Matter Experts (SMEs)

External inputs:

- key economic, environmental and social issues
- best practices
- stakeholder feedback

2. Integrate into the business and execute

- 5-year plan approved by executive leadership
- accountable executive assigned to each goal
- support of initiatives and goals incorporated into annual departmental plans

3. Monitor and communicate progress

- semi-annual updates to executive leadership
- annual update to external stakeholders via the Sustainability Report

4. Refine the sustainability plan

- annual review and improvement of the 5-year plan
- goals added or retired based on new developments

DEI Headquarters, Houston, TX
Courtesy of Houston Architecture

Accomplishing these goals helps us manage potential risks arising from:

- Limited capital availability for expanding electricity infrastructure projects in developing countries.
- Need to leverage current generation assets, while investing in new technologies.
- Ability to meet demand growth.

Environmental Dimension

Electricity plays a vital role in economic development: It supports technological advances, fosters infrastructure investments and generates jobs. Yet, the electric power generation lifecycle has potential environmental impacts on biodiversity, natural resources, emissions, noise, discharges, and the visual landscape. In addition, global climate change continues to be one of the most pressing challenges faced by the electric utility sector and the world.

As part of our strategy, we have invested in renewable energy and environmentally responsible technology, demonstrating our commitment to corporate responsibility. Furthermore, we are constantly working to improve energy efficiency both as an electric generator incorporating technology to produce energy cleanly and efficiently, and as an end-user, improving energy efficiency in the workplace through process improvement and employee awareness.

Social Dimension

With an increasingly important presence in Latin America, DEI must manage important challenges. Externally, these include gaining community support and acceptance, advancing fair and ethical business practices, and balancing stakeholder expectations. Internally, a critical focus is protecting the wellness, health and safety of employees, and working with the supply chain and contractors to improve environmental and social performance.

To meet these challenges, we are committed to continuous improvement in quality of service, customer service and supply chain. In recent years, the supply chain has been the object of increased auditing and improvement.

Moreover, we are continuously directing resources toward improving the levels of health and safety in the workplace, and training and awareness to enhance internal skills and capabilities that create employee development opportunities. Specific initiatives, such as the Continuous Improvement Program (PMC for its acronym in Spanish and Portuguese) prove DEI's commitment to our employees.

Relations with the communities where we operate have become crucial. We are promoting dialogue and communication with them and adopting measures to facilitate their social and economic development. Through a clear understanding of each community's needs, we support and sponsor events and activities geared toward improving their quality of life in education, recreation, environmental protection, infrastructure, and health and safety. Activities we sponsor and take part in include:

- Preventive health programs.
- Donations of school supplies and toys.
- Volunteer activities to improve local communities' infrastructure and environment.
- Local events.
- Charitable events.

Paron Reservoir, Cañon del Pato Complex, Peru

Organization Profile

Primary brands, products and services, operational structure, and countries and markets where DEI is present are summarized below.

Primary Brands Products and Services

The Duke Energy brand is more than words and a logo. It is an identity. At its heart, it expresses the company's core values and future ambitions. At its best, it positions us as an industry leader and a good corporate citizen.

Behind every strong brand is a cohesive communications strategy. Each employee communicates this strategy in some form or another every day. Every interaction—email, phone calls, speeches, forums or a presentation to a team—whether inside the company or out, reflects our brand.

DEI's primary product is electricity for the wholesale and retail market. We also offer energy commercialization services.

Through our products and services, DEI enhances the quality of life, reliability and safety of our customers. We accomplish this by promoting energy efficiency and offering a high-quality, and reliable electric supply, while caring for the environment .

To deliver products and services successfully, all DEI facilities have implemented DEI's Environmental, Health and Safety Management System, based on widely recognized international standards for managing quality, environment, and health and safety. The system, aligned with Duke Energy's vision, presents the framework to provide and deliver high-quality products and services responsibly.

DEI focuses on activities considered part of our core business, and subcontracts those that can be performed more efficiently by specialized businesses. Those businesses are required to employ high standards of quality and responsible behavior regarding the environment, labor practices and social areas, as stipulated in our Supplier, Contractor and Partner Management Policy, associated guidelines, and Operating Principles.

Operational Structure of the Organization

Our organizational model consists of decentralized business units, as well as centralized corporate functions, for governance and control. This structure allows each business unit and company where we have a majority interest to adapt to the market and regulatory conditions where it operates, while aligning it to our overall strategy. The following figure presents our organizational structure:

DEI's Organization as of December 31, 2008

Countries/markets where the organization operates

DEI owns and operates power generation facilities throughout Central and South America, including Argentina, Brazil, Ecuador, El Salvador, Guatemala, and Peru. We are the fourth largest generator of electricity in Latin America, based on net capacity, with approximately 75 percent of our generating capacity hydroelectric and nearly 90 percent either currently contracted or receiving a system capacity payment. Our total gross electrical capacity is 4,373 megawatts (MW), produced by our Central and South American power generation facilities. We also own equity investments in Saudi Arabia and Greece.

DEI Scale

Scale	2008
Employees	1,118
Net Sales (in millions of dollars)	411
Quantity of products and services (GWh sold)	18,066
Proportional Capacity in Operations (MW)	4,018

Detailed information on the scale of DEI appears in the economic and social sections of this report, and in Duke Energy's 10K filing.

Significant Changes During the Reporting Period

DEI implemented the following prominent activities in 2008:

- Integration of Aguaytia Energy group into DEI Egenor in Peru (Integration has not been completed, thus for the purpose of this report most of the information is presented as separate business units).
- Addition of a 6 MW combined cycle thermoelectric unit to the Arizona power facility in Guatemala.
- Construction of the following projects:
  - "Carhuaquero IV" (operational on May 22, 2008) and "Caña Brava" (operational on November 17, 2008) hydroelectric facilities, with 9.68 and 5.5 MW, respectively in Peru.
  - "Las Flores" a 195 MW simple-cycle natural gas turbine in Peru.
  - "Las Palmas II," a 85 MW coal power plant in Guatemala.
  - "Retiro" and "Palmeiras", two small hydropower plants (SHP) with 16 MW each, being built in the Mirim Sapucai river, Sao Paulo State, Brazil. Both SHPs are projected to start commercial operations in August of 2010.

Awards Received

DEI has been the proud recipient of numerous awards and honors over the years. These awards recognize not only our achievements, but also our employees' hard work, innovative thinking, and commitment to a high-performance work culture. The following case studies describe two prestigious awards received by DEI in 2008.

DEI Brazil Ranked "100 Best Companies to Work For"

DEI Brazil Receives the "100 Best Companies to Work For" 2008

DEI Brazil has for the fourth time ranked in the "100 Best Companies to Work For in Brazil 2008," as declared by Great Place to Work Institute in partnership with *Época* magazine. DEI Brazil also placed on the 100 Best list in 2002, 2006 and 2007. In the classification of the 100 Best, Great Place to Work Institute analyzes a number of factors, including how companies hire and integrate new staff, how employees are inspired for the work at hand, whether good processes exist for listening and acting on employee opinions and suggestions, how employees are trained and developed, and how top performance is recognized. DEI Brazil was among the 25 best in the following categories:

GREAT PLACE TO WORK® INSTITUTE INC.

- Camaraderie — 5th
- Opportunity — 8th
- Services — 10th
- Respect — 12th
- Quality of life — 13th
- Communications — 17th
- Educational levels — 18th
- Staff turnover — 20th
- Integration — 20th

DEI El Salvador Wins 3M Industrial Safety Award

DEI El Salvador received, for the second consecutive year the first place 3M Industrial Safety Award in the Power Generation, Transmission, and Distribution Section for our demonstrated commitment to employee health and safety. 3M El Salvador created the "3M Industrial Safety Award" in 1993 to recognize companies that have invested in employees' training, provided a safe work environment, and shown outstanding progress in implementing health and safety programs that have reduced workplace injuries and incidents.

The panel of judges included representatives from the Ministry of Labor and Social Security, the Salvadorian Social Security Institute, the National Science and Technology Council, Professional Consultants in Industrial Health and Safety, the Business Consulting and Development Center, and 3M El Salvador. This year companies were evaluated on management commitment, risk management, and innovation — DEI El Salvador was honored for the Perfect Day program, which recognizes all employees and contractors for their daily commitment to safety.

3M Industrial Safety Award, DEI El Salvador Wins First Place

30 Best Companies to Work for in Peru

Great Place to Work Institute recognized DEI Egenor for the sixth consecutive year as one of the best companies to work for in Peru. It was the only energy company to be ranked among the top 30 companies. The Institute acknowledged DEI Egenor for offering an excellent work environment and clear career paths.

Eloy Chaves Honor Medal

DEI Brazil was awarded the Eloy Chaves Honor Medal for the eighth consecutive time. The award accounts for total incident case rate, lost workday case rate, total severity rate and fatalities, for both employees and contractors. It is granted annually to electricity companies with the lowest rates of work-related accidents during the year. DEI Brazil ranked second in the Generation/ Transmission Utilities category—completing 1.5 million work hours without a lost-time incident in 2007.

Dow Jones Sustainability Indexes

Duke Energy was named to the Dow Jones Sustainability Index for North America for the third consecutive year. The designation was based on a thorough assessment of our economic, environmental and social performance, with a strong focus on long-term shareholder value.

Dow Jones Sustainability Indexes
Member 2008/09

EEI Advocacy Excellence Award for Energy Efficiency

Duke Energy Received the prestigious Advocacy Excellence Award from the Edison Electric Institute (EEI)—the association of U.S. shareholder-owned electric companies—in recognition of our comprehensive advocacy program to promote energy efficiency with customers and employees, and at the federal, state and local levels.

EEI Edison Electric Institute
The Association of Shareholder-Owned Electric Companies

World's Most Ethical Companies

Duke Energy was named one of the World's Most Ethical Companies by Ethisphere Institute—a think-tank focused on research and promotion of profitable best practices in global governance, business ethics, compliance and corporate responsibility—for the second year in a row.

2008 WORLD'S MOST ETHICAL COMPANIES
WWW.ETHISPHERE.COM

Report Parameters

This Sustainability Report is the first by DEI to describe how we are facing the modern-day call for sustainable business activities. The reporting period is 2008; however, since it is our first report, significant activities regarding sustainability that occurred previously are included. We anticipate updating this report annually.

Boundaries and Scope

This first DEI Sustainability Report compiles our strategies, activities and performance across the three areas of sustainability: economic, environmental and social. To define the boundary of this report, we followed the Global Reporting Initiative (GRI) Reporting Guidelines R.G. 3.0, and the Reporting Guideline & Electric Utility Sector Supplement pilot version (RG & EUSS).

The intention of this first report is to provide internal audiences a clear overview of our sustainability performance, risks and opportunities, and develop the knowledge to improve our process in our next reporting cycle. This report covers:

- The principles, policies and guidelines that we approve and adopt as well as the sustainable development strategies that apply to all our business units, and are promoted in companies where we hold a majority interest.
- The performance metrics and quantitative information for each business unit and company where we hold a majority interest, in which both the main business is generation and commercialization of electric power and natural gas, and its operations have significant environmental or social aspects.

DEI's business units that are part of the scope of this report are discussed below:

DEI Argentina

DEI Argentina is dedicated to the generation of electric power and wholesale commercialization of electricity and natural gas. It has an installed capacity of 576 MW in the province of Neuquen, encompassed by the Planicie Banderita hydroelectric power station that is part of the Cerros Colorados hydroelectric complex, and the Alto Valle thermoelectric power plant. DEI Argentina also has licenses to commercialize electricity and natural gas in the wholesale markets.

DEI Brazil / DEI Geração Paranapanema

DEI Brazil/DEI Geração Paranapanema operates and manages hydroelectric plants along the Paranapanema River, between the states of Sao Paulo and Parana. The eight plants managed by DEI include: Jurumirim, Chavantes, Salto Grande, Canoas I, Canoas II, Capivara, Taquaruçu and Rosana plants. They have a total installed capacity is 2,307 MW.

Electroquil S.A., Ecuador

Electroquil, located in the province of Guayas—Republic of the Ecuador, generates electric power from a thermoelectric plant with an installed capacity of 192 MW.

DEI El Salvador

Located in the Republic of El Salvador, DEI El Salvador generates and commercializes electricity through its thermoelectric plants in Acajutla and Soyapango, with a total installed capacity of 328 MW.

DEI Guatemala

DEI Guatemala generates and commercializes electricity through its three thermoelectric plants—Arizona, Las Palmas and La Laguna—located in the districts of Escuintla and Guatemala. Total installed capacity is approximately 290 MW.

DEI Egenor, Peru

DEI Egenor generates and commercializes electric power through two hydroelectric power stations, Cañon del Pato, and Carhuaquero, and six thermoelectric plants in northern Peru. These facilities generate approximately 510 MW of power.

Grupo Energetico Aguaytia, Peru

Grupo Energetico Aguaytia is divided into three independent businesses:

- **Aguaytia Energy**, dedicated to the commercialization of natural gas and its by-products in Peru. Activities include extraction, production, transportation, storage and commercialization.
- **Termoselva S.R.L.**, which generates electricity using the dry gas produced by Aguaytia Energy. This facility has an installed capacity of approximately 177 MW.
- **Eteselva S.R.L.**, dedicated to the transmission of electricity. A section of this transmission line is part of the main national transmission system of Peru—"Sistema Interconectado Nacional del Peru."

EI also own equity investments in Saudi Arabia (National Methanol Corporation NMC) and in Greece (Attiki Gas and CSCC). These investments are not part of the scope of this report.


Cerros Colorados Hydroelectric Complex, DEI Argentina


Capivara Hydroelectric Plant, DEI Brazil


Arizona Power Plant, DEI Guatemala


Electroquil Power Plant, Ecuador


Acajulta Power Plant, DEI El Salvador

Cahuarquero Hydroelectric Plant, DEI Egenor Peru

Aguaytia Power Plant, Peru

Basis for Reporting

The environmental information is consolidated, applying the percentage of participation, direct or indirect, for each DEI business unit:

Business Units	%
DEI Argentina	91
DEI Brazil	95
Electroquil S.A. – Ecuador	83
DEI El Salvador	90
DEI Guatemala	100
DEI Egenor – Peru	100
Grupo Energetico Aguaytia – Peru	76

Country	Facility	Location	Total MW Capacity	Owned MW Capacity	Fuel
Argentina			**576**	**523**	
DEI Argentina	Alto Valle Thermoelectric Plant	Neuquen Province	97	88	Natural Gas
	Cerros Colorados Hydroelectric Plant	Neuquen Province	479	435	Hydro
Brazil			**2,307**	**2,116**	
DEI Brazil / DEI Geração Paranapanema	Jurumirim Hydroelectric Plant	Piraju, Sao Paulo State	98	93	Hydro
	Chavantes Hydroelectric Plant	Chavantes, Sao Paulo State	414	393	Hydro
	Salto Grande Hydroelectric Plant	Salto Grande, Sao Paulo State	74	70	Hydro
	Canoas II Hydroelectric Plant	Palmital, Sao Paulo State	72	34	Hydro
	Canoas I Hydroelectric Plant	Candido Mota, Sao Paulo State	83	39	Hydro
	Capivara Hydroelectric Plant	Taciba, Sao Paulo State	640	608	Hydro
	Taquaruçu Hydroelectric Plant	Sandovalina, Sao Paulo State	554	526	Hydro
	Rosana Hydroelectric Plant	Rosana Sao Paulo State	372	353	Hydro
Ecuador			**192**	**159**	
Electroquil	Thermoelectric Plant	Guayaquil	192	159	Diesel
El Salvador			**328**	**296**	
DEI El Salvador	Thermoelectric Plant Acajutla Diesel	The Port of Acajulta (Pacific Ocean)	150	135	Fuel Oil
	Thermoelectric Plant Acajutla Vapor & Gas	The Port of Acajulta (Pacific Ocean)	163	147	Fuel Oil / Diesel
	Thermoelectric Plant Soyapango	San Salvador	15	14	Fuel Oil
Guatemala			**288**	**288**	
DEI Guatemala	Arizona Thermoelectric Plant	Escuintla	171	171	Fuel Oil
	Las Palmas Thermoelectric Plant	Escuintla	89	89	Fuel Oil / Diesel
	Laguna Thermoelectric Plant	Guatemala	28	28	Diesel
Peru			**690**	**648**	
DEI Egenor	Cañon del Pato Hydroelectric Plant	Ancash, Peru	263	263	Hydro
	Carhuaquero Hydroelectric Plant	Cajamarca, Peru	112	112	Hydro
	Piura Thermoelectric Plant	Piura	40	40	Fuel Oil / Diesel
	Chimbote Thermoelectric Plant	Piura	44	44	Diesel
	Trujillo Thermoelectric Plant	Piura	20	20	Diesel
	Chiclayo Thermoelectric Plant	Ancash, Peru	20	20	Fuel Oil / Diesel
	Paita Thermoelectric Plant	La Libertad	6	6	Diesel
	Sullana Thermoelectric Plant	Lambayeque	9	9	Diesel
Aguaytia Energy del Peru	Aguaytia Thermoelectric Plant	Amazon Basin	177	135	Natural Gas

Summary of DEI facilities included in the scope of this report

Data Measurement Techniques and the Bases of Calculations

DEI business units follow "Duke Energy Greenhouse Gas Emissions Estimating and Reporting Protocol" when preparing annual greenhouse gas (GHG) emissions inventory. This protocol supports Duke Energy's work related to climate change. This work requires a consistent, transparent and verifiable corporate-wide inventory of GHG emissions and emission sources by establishing a systematic estimation and reporting system.

DEI only reports on carbon dioxide (CO_2), since it makes up more than 99 percent of our GHG emissions (measured in CO_2 equivalents).

Assurance

No external assurance was sought for the present report since its main purpose is for internal use.

Governance, Commitments and Engagement

Governance

DEI's corporate vision and mission is always present when delivering products and services. As an electricity generation and commercialization company, we improve the quality of life in the communities where we operate. We always relay our values, which represent the business environment that DEI promotes among employees, inspiring them to strive for continuous improvement and excellent reliability and customer service.

The values and commitments in our vision are fundamental to how DEI does business.

The following is a description of the core elements of our governance:

Corporate Strategy - Our Direction in 2008 and Beyond. Our Direction in 2008 and Beyond mirrors Duke Energy's strategy, which highlight the activities most important to a sustainable future. This corporate strategy changes and adapts to the market and industry conditions as needed.

Code of Business Ethics. The Code of Business Ethics (CoBE) establishes Duke Energy's commitment to the principles of corporate ethics and transparency that drives all business activities, and provides employees with a framework for decision-making consistent with Duke Energy's business values. This code applies to all Duke Energy subsidiaries, and affiliated companies. It provides the principles and guidelines that guarantee ethical and responsible behavior from employees worldwide.

Vision of Safety. Duke Energy's Vision of Safety defines the principles for occupational health and safety conducive to a safe and high-performance environment. This vision applies to all employees and contractors, and states the personal commitment at every level of the organization to demonstrate continuous safety improvement, striving for a zero injury and zero work-related illness culture.

Environmental, Health and Safety Policy. The Environmental, Health and Safety Policy states DEI's commitment toward the health and safety of employees, clients and communities. It establishes the principles of environmental protection, responsible management of natural and human resources, and improvement of the quality of life in the communities where DEI operates.

Operating Principles. DEI's Operating Principles align with Duke Energy's Vision, Mission and Corporate Strategy, and promote a culture of work where the company and stakeholders can reach their potential.

More information about our highest governance body, including its structure, composition, and related processes, is available on our Web site under "Investors."

Dino Arana, EHS Regional Manager living DEI's culture of engagement and safety, DEI Guatemala

Operating Principles

DEI strives for a work environment that epitomizes a high performance culture, where both the company and its employees reach their full potential. We view the following principles as key to creating such an environment and all employees are expected to "live by" and honor these values and principles:

Teamwork	We work as a team with the common goal of doing what is right and in the best interests of Duke Energy and its stakeholders. As a team, we support each other and assume innocence in our dealings with each other.
Safety	We develop and maintain a world class "Zero Injury Safety Culture" where safety awareness and avoidance of risky behavior by our employees and contractors is a way of life and unsafe practices are not tolerated.
Mutual Respect	We treat each other and our stakeholders with respect.
Sustainability	We will manage our business in an environmentally responsible and sustainable manner.
Communication	We value open, honest and frequent communication. We encourage others to approach us to discuss any issue of importance to our business, particularly safety, and we welcome such feedback.
Diversity	We embrace and accept our different cultures, backgrounds and experiences, viewing them as strengths rather than divisive forces. We welcome diversity of opinion.
Ethics, Integrity and Accountability	In our dealings within and outside of the company, we conduct ourselves in an ethical manner with the highest integrity, and we take responsibility for our actions.
Creativity and Initiative	We recognize that improving our performance and enhancing our competitiveness will require each of us to take initiative, be creative and challenge ourselves and one another.
Employee Development	We invest in our most important asset, our employees, through programs and training designed to help each employee grow and reach his or her potential.
Community Involvement	Together with the company, we actively support and involve ourselves in the communities where we do business.

Our Mission

We make people's lives better by providing gas and electric services in a sustainable way. This requires us to constantly look for ways to improve, to grow and to reduce our impact on the environment.

Our Values

Caring
We look out for each other. We strive to make the environment and communities around us better places to live.

Integrity
We do the right thing. We honor our commitments. We admit when we're wrong.

Openness
We're open to change and to new ideas from our co-workers, customers and other stakeholders. We explore ways to grow our business and make it better.

Passion
We're passionate about what we do. We strive for excellence. We take personal accountability for our actions.

Respect
We value diverse talents, perspectives and experiences. We treat others the way we want to be treated.

Safety
We put safety first in all we do.

DEI's Environmental Pollution, Health and Safety Prevention Approach

DEI's business activities aim to prevent environmental pollution and protect the health and safety of employees and communities in a way that is consistent with application of sound science. This is expressed in our vision, mission, strategic approaches and corporate values, and is fundamental to DEI's Environmental, Health and Safety (EHS) Management System. We strive to prevent pollution and protect the environment and communities where we serve mainly by:

- Fulfilling our pledge to care for the health and safety of employees, customers and communities, and protect and responsibly manage the natural environment.
- Incorporating environmental, health, and safety risks as part of the integral risk management approach and associated prevention and mitigation tools.
- Performing social and environmental impact assessments as a preventive management and decision-making tool, when planning for new projects or renovating installations.
- Implementing, maintaining and continually improving DEI's EHS Management System.
- Managing risks and opportunities systematically through identification, analysis and control of risks, using prevention and mitigation measures, as well as managing opportunities so they benefit the business and the communities.
- Training and continuously developing DEI's human resources.

Memberships in Associations or Other Organizations

DEI affiliates and majority-interest companies belong to numerous associations related to its business activities, including those that promote sustainable development. The most important are listed below.

Duke Energy	World Business Council for Sustainable Development The Nature Conservancy World Economic Forum World Energy Council Global Environmental Management Initiative (GEMI) NAEM (EHS Management Association)
Duke Energy International	Occupational Resource Council (ORC) National Safety Council (NSC) American Society of Safety Engineers (ASSE) American Society for Industrial Security (ASIS)
DEI Argentina	American Chamber of Commerce - Argentina (AmCham) Asociación de Generadores de Energía Eléctrica de la República Argentina (AGEERA) Comité Argentino de Presas (CAP) Fundación para la Seguridad de Presas Asociación de Comercializadores de Energía Eléctrica de la República Argentina (ACEERA)
DEI Brazil	Associação Brasileira de Comunicação Empresarial (ABERJE) Associação Brasileira de Concessionárias de Energia Elétrica (ABCE) Associação Brasileira das Empresas Geradoras de Energia Elétrica (ABRAGE) Instituto Ethos de Responsabilidade Social Instituto Acende Brazil Câmara Americana de Comércio para o Brazil (AmCham) Fundação ABRINQ pelos Direitos da Criança e do Adolescente Sindicato da Indústria da Energia Elétrica do Estado de São Paulo - FIESP/SIESP Associação Brasileira dos Produtores Independentes de Energia Elétrica (APINE) Comitê Nacional Brasileiro de Produção e Transmissão de Energia Elétrica (Cigré) International Hydropower Association (IHA)
Electroquil (Ecuador)	American Chamber of Commerce – Ecuador (AmCham) Cámara de Industria de Guayaquil
DEI El Salvador	American Chamber of Commerce – El Salvador (AmCham) FUNDACAJUTLA
DEI Guatemala	American Chamber of Commerce – Guatemala (AmCham) Cámara de Industria de Guatemala (CIG) Cámara de Comercio de Guatemala (CCG)
DEI Egenor (Peru)	American Chamber of Commerce - Peru (AmCham) Asociación de Fomento a la Infraestructura Nacional (AFIN) Sociedad Nacional de Minería Petróleo y Energía (SNMPE)
Aguaytia Energy (Peru)	Cámara Peruana de Gas Natural Cámara de Comercio de Pucallpa

Paron Reservoir, Cañon del Pato Complex, Peru

Stakeholder Engagement

Collaboration, communication and stakeholder engagement are defining characteristics of successful corporations. DEI is committed to balancing the interests of stakeholders. We have several paths and programs that allow us to hear and respond to stakeholder needs. The following table highlights stakeholders engaged by DEI.

Stakeholders	Expectations	Fulfillments
Customers	• Reasonable costs • Reliable supply • Good customer service • Safe operations • Minimal environmental impacts • Energy efficiency • Community involvement	• Strong Management Systems • Efficient cost control practices • Business relations managers' accessibility • Customer satisfaction surveys • Environmental stewardship • Volunteerism • Customer communication and information availability (web sites)
Employees	• Safe workplace • Competitive salary and benefits • Open communications • Career development opportunities • Fair and consistent treatment • Strong corporate reputation	• Safe work practices policies, guidelines and training • Career training and development • Benchmarking with industry sector • Open doors policy • Confidential ethics line • Community involvement
Communities	• Economic development • Involvement with local initiatives • Public safety • Employment opportunities • Volunteerism	• Community involvement • Economic development assistance • Volunteerism program (GSE)
Suppliers	• Fair dealing • Timely payment • Opportunities to grow their business	• Code of Business Ethics • Competitive bidding process • Ethics line
Investors	• Competitive returns • Strong board governance • Management accountability • Regulatory compliance • Strong corporate reputation • Transparent reporting	• Strong financial performance • Comprehensive management • Ethics policies • Strong balance sheet • Annual sustainability and financial reports
Regulators	• Reasonable cost of energy • Reliable supply of energy • Regulatory compliance • Transparent reporting • Collaborative policy debates • Community involvement	• Effective management policies • Effective Management Systems • Ethical practices • Transparent transactions
Non-Government Organizations	• Accessibility • Problem solving engagement • Transparent reporting	• Collaboration on several issues • Strategic alliances • Stakeholder dialogues • Annual sustainability and financial reports

section two:

Economic Performance

As an electric generator, Duke Energy International (DEI) plays an important role in supporting the economic, social and industrial development in Latin America. Access to electricity is vital to raise living standards, achieve economic growth, and improve the quality of life of our communities. In this sense, we are major contributors to sustainable development. In addition, DEI promotes the transfer of knowledge and generates employment opportunities.

We had a strong year in 2008, surpassing our financial goals and making significant progress with several new projects. Nonetheless, we are aware that financial results alone are not enough, as business transparency and accountability increase because of stakeholders' concerns about social equity, and a resource-constrained and fragile environment. For this reason, we are taking a comprehensive approach toward environmental, social, and economic performance and reporting, based on risks and opportunities.

Foremost to this approach is the importance of acting in an ethical, honest and integral way. This is not only evident through our strong Code of Business Ethics (CoBE) but also by identifying it as one of the top focus areas of our corporate sustainability plan, making it an integral part of our sustainable business development activities with swift action for unethical or dishonest behavior.

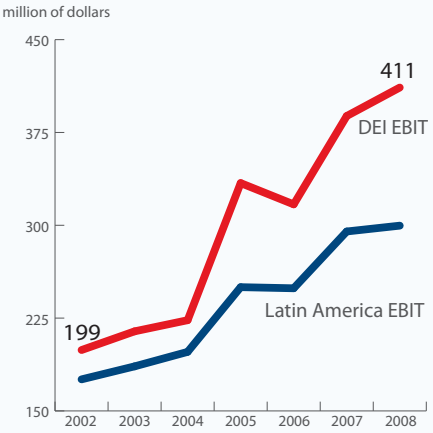
Included in this approach is the need to balance economic objectives with sustainability practices. For instance, since power generation technologies rely mostly on fossil fuels that emit greenhouse gases (GHG), climate change, continues to be a defining issue for the electric utility industry. We consider several alternatives to meet this challenge:

- Diversifying the fuel mix
- Supporting policies that call for a reduction of GHG emissions
- Promoting energy efficiency
- Continuing to focus on safe, reliable and efficient power plant operations

This balanced approach provides the framework for our success as an integral part of the development in each community where we operate, yielding both direct and indirect positive economic impacts.

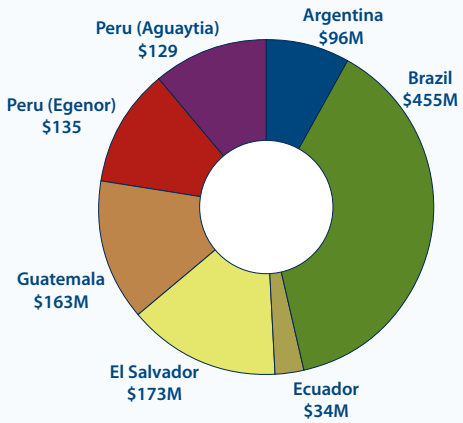
Financial Highlights

DEI Net Sales (in millions of dollars)	2007	2008
Operating Revenues	1,060	1,185
Operating Expenses	776	899
Gains (Losses) on Sales of Other Assets and Other (Net)	-	1
Other Income and Expenses (Net)	114	146
Minority Interest Expenses	10	22
DEI EBIT (Earnings Before Interest and Taxes)	**388**	**411**
Latin America EBIT	**295**	**300**



DEI's EBIT Historic Trend 2002-2008

DEI Operating Revenue by Business Unit (in million of dollars)	2007	2008
Argentina	82	96
Brazil	394	455
Ecuador	45	34
El Salvador	141	173
Guatemala	146	163
Peru (Egenor)	144	135
Peru (Aguaytia)	108	129
TOTAL	**1,060**	**1,185**



DEI's Operating Revenue by Business Unit

DEI Operating Expenses by Business Unit (in million of dollars)	2007	2008
Argentina	60	75
Brazil	223	218
Ecuador	50	26
El Salvador	121	154
Guatemala	135	171
Peru (Egenor)	78	110
Peru (Aguaytia)	96	122
Other DEI*	13	23
TOTAL	**776**	**899**

***Not part of the scope of this report**

DEI Quantity of Products or Services Provided	2007	2008
Sales GWh	17,127	18,066
Proportional Capacity in Operation MW	3,968	4,018

Market Presence

Locally Based Suppliers

To promote development in the local communities where DEI operates, business units in each country rely on their Purchasing Department. These departments establish good business relations with local suppliers, stimulate the local economy by creating employment opportunities and attract additional investment.

DEI's Purchasing Controls Policy covers the minimum controls required for the purchasing function; however, there is no specific percentage of suppliers required to be locally based. Nevertheless, most of our purchases are done locally—at a region and country level—supporting local business in the supply chain and having a positive economic impact in the region.

For example, for the construction of the Retiro and Palmeiras small hydropower plants (SHPs) in Brazil, nearly 98 percent of purchases were through local suppliers.

On average DEI makes 56 percent of our purchases through locally based suppliers.

Hiring Approach

DEI's policies and procedures for recruiting and hiring personnel in the countries where we operate are established at the corporate level and aligned with Duke Energy's CoBE, regarding equal employment opportunity. They comply with the principles of non-discrimination, freedom of association, child labor, indigenous rights, and forced and compulsory labor.

They also comply with equal employment opportunity laws, including those related to discrimination and harassment. Furthermore, all recruitment, selection, training, and compensation activities are based on merit, experience, and other work-related criteria. Our Equal Employment Opportunity policy *"seeks and values diversity. The dignity of each person is respected, and everyone's contributions are recognized. We expect Duke Energy employees to act with mutual respect and cooperation toward one another. We do not tolerate discrimination in the workplace."*

DEI's Economic Impacts

Since DEI's business is the generation of electricity, the direct economic impacts of our operations are evident. This is due to the vital role electricity plays in economic development, supporting productivity and generating wages and jobs in the developing countries where we operate.

In addition, DEI also has significant indirect impacts. We support economic development in the countries where we invest by:

- Increasing the public administration income through tax payments.
- Stimulating foreign direct investment in electric infrastructure.
- Supporting technology and knowledge transfer, critical to increase the competitiveness of developing countries.
- Supporting creation of various jobs through subcontracting services.
- Supporting expansion of other industries and businesses during the construction and operation of our plants.

The following examples describe these impacts:

Spurring Economic Growth

Case studies of spurring economic growth follow.

Guatemala

Construction of DEI's thermoelectric plant Arizona, located in Escuintla, Guatemala, with an installed capacity of 170 MW, required several local and international contractors and subcontractors. This generated employment opportunities for 700 people on average, for about two years, with peak employment demand reaching 900. Once the plant entered commercial operation 70 direct, full-time jobs, and several indirect ones—related to operation and maintenance services—were generated. For both phases, local people covered most of the employment demand. This not only contributed to raising living standards and achieving economic growth, a key to poverty eradication, but also to transferring specialized knowledge through workforce development.

Another important benefit of the project was related to local contractor and sub-contractor involvement as a source of indirect employment, creating demand for lodging, security, health and transportation services, and thus positively affecting the local economy. Furthermore, because electric generation occurs in a geographically remote location, revenues from national and regional taxation stimulate economic growth in these disadvantaged regions and provide an important source of income for the public administration. More than 95 percent of the contracted and subcontracted work force for the project received comprehensive training on environment, health and safety procedures and practices as part of our policies and standards for contractors and sub-contractors. This provides an opportunity to positively affect

local work force knowledge in sound environmental, health and safety work place practices.

Another recent example of positive economic impact, is the construction of the Las Palmas II plant in Escuintla, Guatemala. This project was approved by The Ministry of the Environment and Natural Resources of Guatemala (MARN) in July 4, 2008, and construction started in August 2008. When completed, the plant will have an installed capacity of 85 MW generated by combustion of low-sulfur coal and will incorporate exhaust gas treatment for particulate matter (PM) and low nitrogen oxides (NOx)-burning technologies. The first phase of 42.5 MW is expected to finish by the end of 2009.

This project has generated an average of 520 direct jobs during the first nine months. The job demand is expected to rise to 1,200 direct jobs during the construction peak time, and 95 percent of the labor demand has been hired locally. Once operations get started we estimate the generation of 60 direct full-time jobs. The indirect impacts related to the provision of goods and services associated with construction activities are yet to be determined.

Brazil

The Retiro and Palmeiras small hydropower plants (SHP) are being built on the Sapucai Mirim River between the cities of São Joaquim da Barra and Guara (São Paulo State, Brazil), and each will have an installed capacity of 16 MW.

Along with these benefits, the construction of each SHP will generate value to the local and regional community, through creation of direct and indirect jobs. During peak construction, each SHP will generate about 320 direct jobs, representing 3.4 percent of the population of cities. Furthermore, for the engineering and construction phases of both SHPs, DEI hired a local contractor, and labor is being hired locally and regionally; so far, 35 percent of the jobs are held by local people, while the remaining are filled regionally. Equally important is the transfer of knowledge; for this project 100 percent of the labor force that works directly on the project received training on our EHS Management System. This training improves the skills and qualifications of the labor force, increasing the chance of future employment for jobs requiring higher qualifications.

The projects also help generate indirect jobs in health (medical and nursing), business (sales, rental, hotel or food) and services (repairs, home or education). Jobs in these areas are expected to increase by about 30 percent during peak construction. Similarly, our indirect economic impacts are reaching local vendors and suppliers of machinery and equipment; approximately 97.7 percent of purchases were Brazilian.

Peru

DEI Egenor initiated construction of Las Flores thermoelectric power plant, located in the Chilca district in Peru, on January 12, 2009. This plant will consist of the assembly of a simple-cycle natural gas turbine and its subcomponents to generate 197.5 MW. Construction of this project will have a peak labor demand of around 350 workers, including contractors, subcontractors and project management staff.

In addition to these benefits, the project will help reduce the region's unemployment rate, estimated to be around 7.7 percent of the District's population, boosting the local income temporarily and thus improving their quality of life. Similarly, during this period other market sectors expected to benefit from the project include local suppliers of building materials, equipment transportation services, security services and raw material suppliers, spurring economic growth.

Since Las Flores power plant will be using leading-edge technology, once in operation it will require few personnel for its operation and maintenance. DEI has estimated 12 workers in three shifts. The staff needs specialized knowledge of operation and maintenance of power stations and electromechanical equipment. Other activities to be contracted regularly include solid waste management and

Construction of Las Palmas II Thermoelectric Plant, DEI Guatemala

Volunteerism Program, Laura Di Cosmo, Accounting Department, DEI Argentina

disposal, landscaping, and environmental monitoring and control, further benefiting the economy. Moreover, the Peruvian government and the district will also benefit from tax payments that DEI Egenor will incur while operating the power station throughout the project, increasing the public administration's income.

In Kind or Pro Bono Engagement

Implementation of the corporate program Global Service Event (GSE) more than 10 years ago has increased participation from Duke Energy employees and retirees. GSE is a grassroots community service effort, enabling employees to give back to the communities where they live and work. It was rolled out to DEI and named "Programa de Voluntariado (Volunteerism Program)." Originally planned as a month-long program, "Programa de Voluntariado" has expanded to two months to accommodate all of the planned projects. Participants' safety is a priority. Before a project begins, steps must be taken to keep participants and others safe. Risks, such as working on a ladder or operating power tools, are assessed and controls implemented. Safety glasses, hard hats, protective gloves and foot protection are basic safety items contributed by DEI and used by volunteers. The program demonstrates DEI employees' commitment to the company values and positively influences others to emphasize safety in their personal lives as well.

In 2008, "Programa de Voluntariado" was held from April 1 to June 1. Some of the "Programa de Voluntariado" events in DEI include:

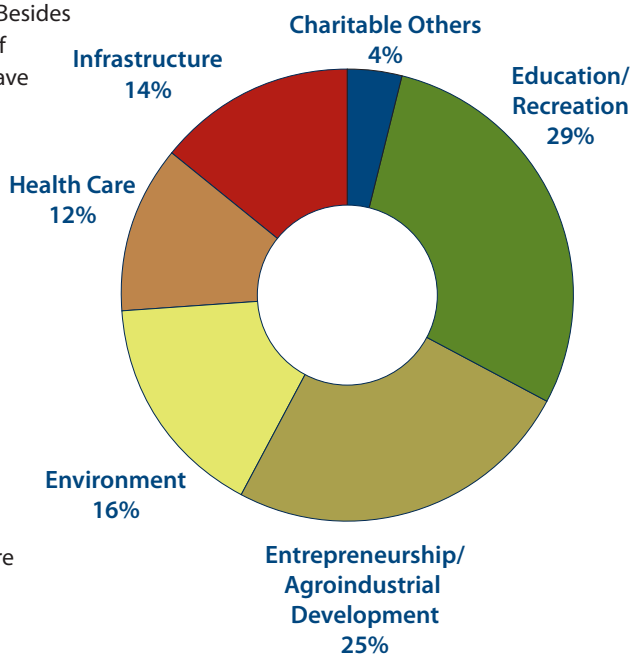
- Community assistance: food and clothing drives, landscaping, painting projects, sorting of donations at local organizations.
- Education: book drives for schools, setup of computers and Internet links at schools, school supply drives, playground construction, painting and landscaping projects at local schools, safety programs.
- Assistance to the elderly.
- Environmental assistance: environmental restoration projects and trash pickup from trails, parks, creeks, beaches and highways, tree planting, landscaping in parks and other beneficial projects.

DEI's Contributions

Donations by all regions to public service organizations and agencies, such as fire and police departments, and libraries, have been a cornerstone of DEI's community support. Our commitment to the communities where we operate goes beyond providing high-quality, affordable and reliable electric generation services and protecting the environment. We care about improving the overall quality of life of the developing countries where we work. Besides the countless hours of volunteer work, we have contributed approximately $500,000 to local communities in support of social charities, education and recreation programs and institutions, health care programs, entrepreneurship and agro-industrial development, environmental protection, and infrastructure improvements.

Among others, donations have been made to:

- Public schools, to upgrade and furnish them, help students purchase text-books, supplies, musical instruments, and uniforms, help feed students, and support extracurricular activities.
- Medical services, to provide supplies to emergency clinics and hospitals, rehabilitation services and physical therapy, sponsorships to medical clinic rotations, and cancer treatment for children.
- Shelters and orphanages, to support their operations and help provide food.
- Sporting associations, to purchase uniforms, and provide accommodations and sporting facilities.
- Emergency organizations, to purchase necessary equipment and supplies for fire departments.

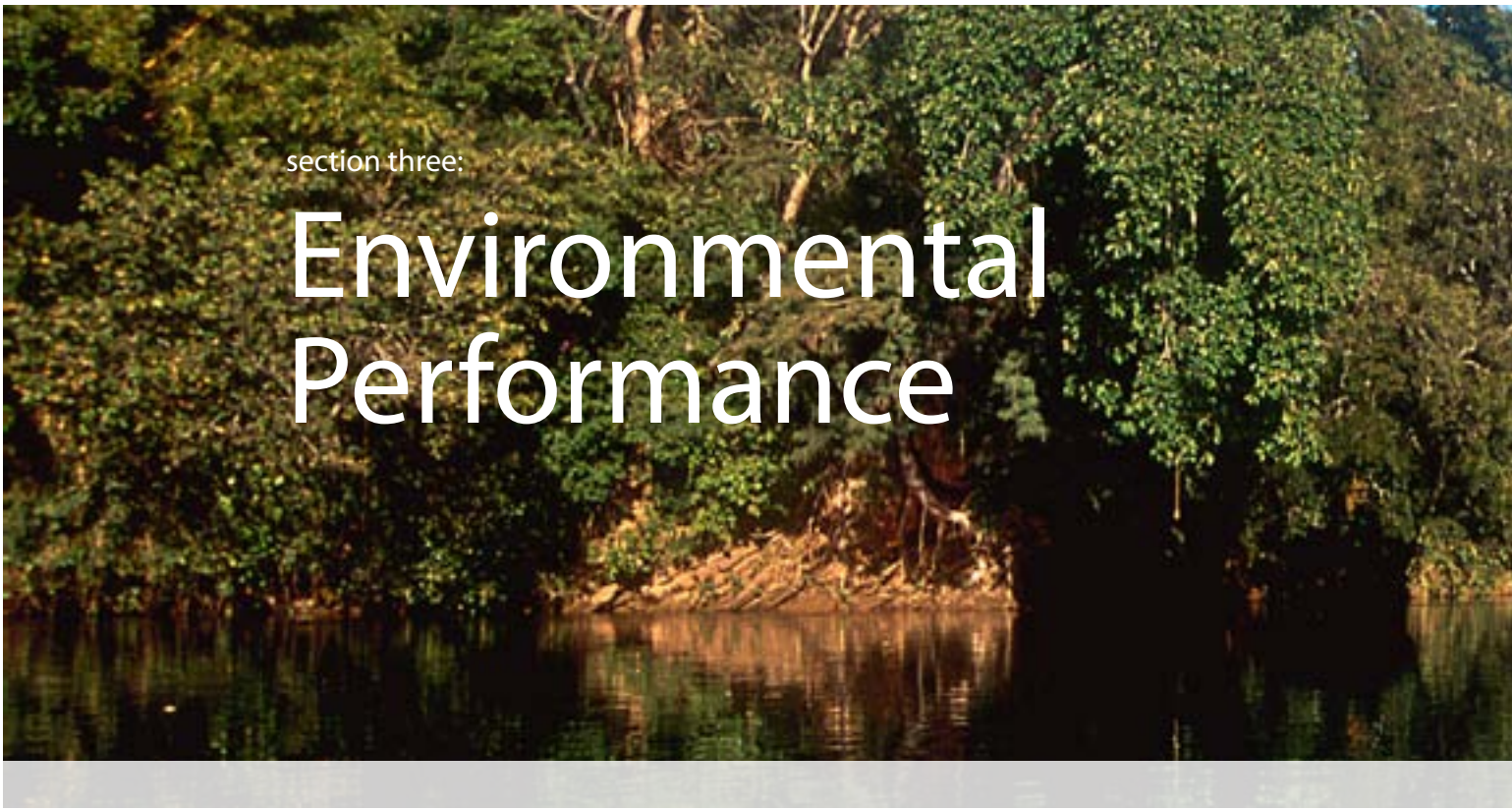


DEI Contributions by area

System Efficiency

DEI's average generation efficiency for our thermoelectric plants by energy source and country is presented below:

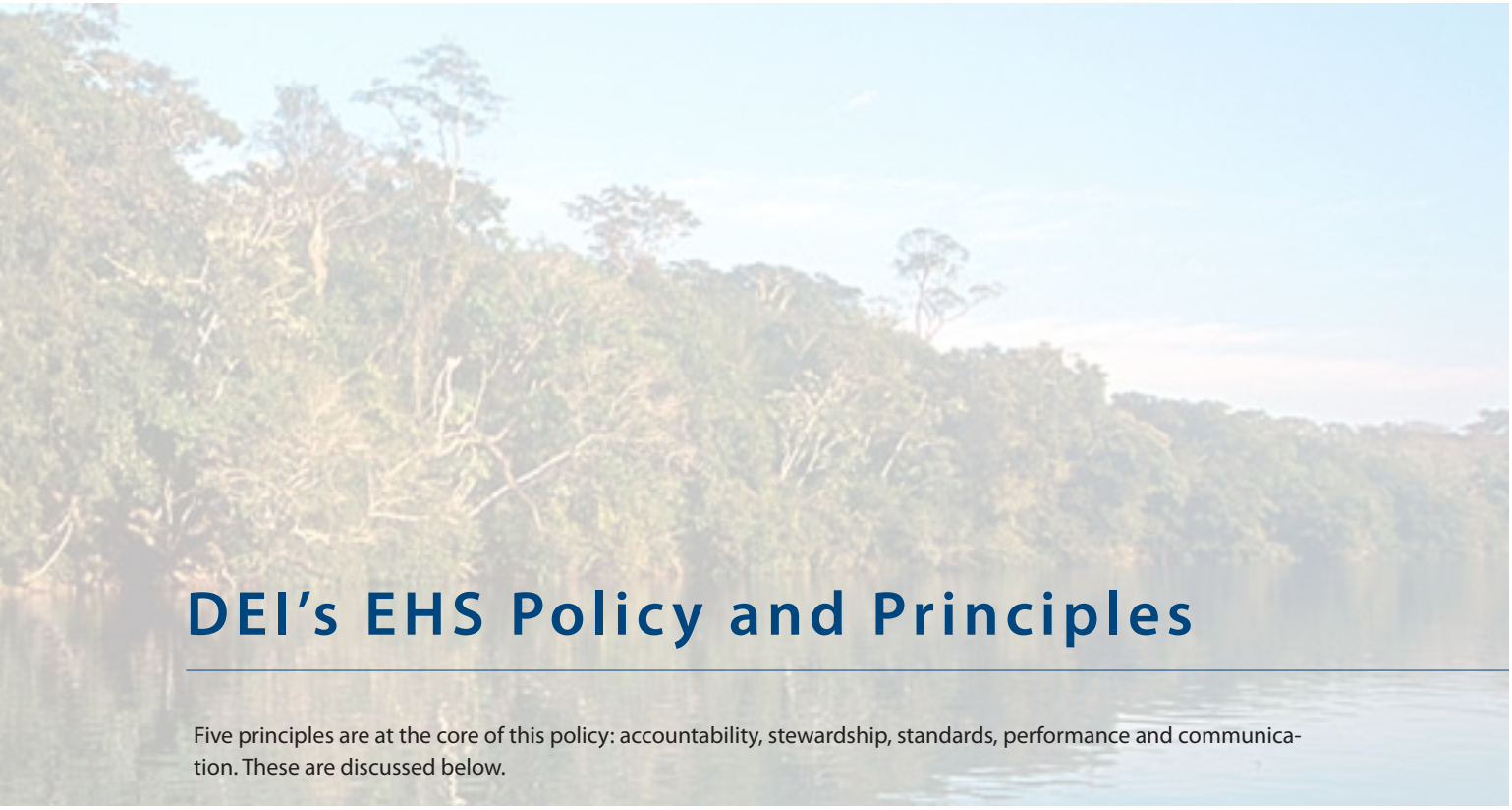
Facility	Fuel	Technology	Efficiency	
			%	KWh/gal* or BTU/KWh
Argentina				
Alto Valle Thermoelectric	Natural Gas	Simple Cycle & Combined Cycle	32.06	10,650
Ecuador				
Thermoelectric Electroquil	Diesel	Simple Cycle Combustion Turbines	33.58	13.76*
El Salvador				
Acajutla Thermoelectric (Diesel)	Fuel Oil	Reciprocating Engines	38.83	17.06*
Acajutla Thermoelectric Vapor & Gas"	Fuel Oil	Steam Turbines (Boilers)	26.17	11.5*
	Diesel	Simple Cycle Combustion Turbines	23.17	9.5*
Soyapango Thermoelectric	Fuel Oil	Reciprocating Engines	33.94	14.91*
Guatemala				
Arizona Thermoelectric	Fuel Oil	Reciprocating Engines & Combine Cycle Steam Turbine	39.67	17.43*
Las Palmas Thermoelectric	Fuel Oil /	Reciprocating Engines &	38.28	16.82*
	Diesel	Simple Cycle Combustion Turbine	27.09	11.11*
Peru - DEI Egenor				
Laguna Thermoelectric Plant	Diesel	Simple Cycle Combustion Turbines	20.73	8.5*
Piura Thermoelectric Plant	Fuel Oil /	Reciprocating Engines &	34.33	9,944
	Diesel	Simple Cycle Combustion Turbines	25.39	13,448
Chimbote Thermoelectric Plant	Diesel	Reciprocating Engines	22.74	15,010
Trujillo Thermoelectric Plant	Diesel	Reciprocating Engines	24.41	13,986
Chiclayo Thermoelectric Plant	Fuel Oil / Diesel	Reciprocating Engines	34.55	9,881
Paita Thermoelectric Plant	Fuel Oil / Diesel	Reciprocating Engines	34.72	9,834
Sullana Thermoelectric Plant	Fuel Oil / Diesel	Reciprocating Engines	33.02	10,339
Peru Aguaytia Energy				
Aguaytia Thermoelectric Plant	Natural Gas	Simple Cycle Gas Turbines	30.45	11,213



section three:

Environmental Performance

Duke Energy's commitment to environmental, health and safety (EHS) has been established by senior management and is followed closely by Duke Energy International (DEI.) This commitment is demonstrated through our EHS Policy that emphasizes, through an integrated approach, the health and safety of our employees, clients, stakeholders and communities, and enables continuous improvement in EHS performance. It also underscores the importance of protecting and responsibly managing natural resources, critical to the quality of life in the areas we serve, the environment and DEI's long-term success.



DEI's EHS Policy and Principles

Five principles are at the core of this policy: accountability, stewardship, standards, performance and communication. These are discussed below.

Accountability

Accountability stretches across the company and beyond: Leadership is accountable for systematically managing EHS risks, opportunities and impacts as an integral part of our business; employees are accountable for understanding and incorporating EHS responsibilities into daily work; and suppliers, contractors and partners are accountable for meeting applicable EHS requirements.

Stewardship

In being good stewards of the environment, DEI will use natural resources and energy efficiently to reduce waste and emissions at their source. We will also strive to improve operations, focusing on preventing environmental and safety incidents and preserving public safety. Moreover, we will engage in partnerships that enhance public awareness of and address common issues associated with EHS.

Standards

All business units worldwide will comply with internal standards, procedures and applicable laws and regulations. Strategic relationships will be developed to promote sound public policy.

Performance

DEI will set challenging goals and assess performance to continually improve EHS results that contribute to business success. We will work with suppliers, contractors and partners to enhance EHS performance.

Communication

DEI will foster open dialogue and informed decision-making through meaningful and regular communication of EHS information with management, employees, contractors and the public. Our statement of purpose regarding EHS helps to foster this communication: "Duke Energy is committed to a safe, healthy workplace and to protecting the environment. Our employees and contractors are expected to perform their daily assignments safely and in a manner that meets all applicable environmental requirements."

EHS Organization

As expressed in the accountability principle, the environmental function is distributed throughout DEI across all organizational levels, from its president as the maximum authority, to each employee with local competence; all have established roles and responsibilities, and there is a clear distinction between corporate and operational functions.

DEI's EHS corporate unit, based in Houston, Texas, provides a strategic function and assistance with tactical implementation. This includes functional leadership, monitoring emerging themes and innovations, updating and documenting best management practices and sharing best EHS practices, improving the Management Systems and compliance guidelines, and communicating, guiding and facilitating adequate implementation and maintenance of the overall system at the business unit level.

Each business unit has an EHS Department responsible for the implementation of all processes and procedures that meet or exceed local regulations. In addition, each unit manages all potential EHS, financial and company-reputation risks.

EHS Management System

An EHS Management System is a set of defined processes, both formal and informal, that allow an organization to systematically manage its EHS risks, opportunities and impacts. Our EHS Management System focuses on results while providing flexibility in how EHS risks are managed. Consisting of four phases (Business Planning, Implementation, Measurement and Performance Measurement), nine elements and 39 standards, the system is fashioned after the "Plan," "Do," "Check," "Act" cycle of continuous improvement that models the ISO 14001 and OHSAS 18001.

The EHS Management System works together with EHS Policy to manage risks, opportunities and impacts. While the EHS Policy provides direction to ensure corporate EHS values are consistently applied across DEI, the EHS Management System establishes standards to direct us in implementing this policy. The EHS Policy clearly articulates our values for the health and safety of our employees, contractors, customers and communities and our commitment to protecting the environment and responsibly managing natural resources.

Business Planning

Business planning increases the likelihood that desired results will be achieved. Planning begins with anticipating EHS hazards and evaluating consequent risks and opportunities. Understanding laws and regulations, stakeholder expectations and emerging issues assists in evaluating risks and opportunities, and roles, responsibilities and authorities are defined for employee, contractor and team effectiveness. Goals and targets consistent with the EHS Policy and Management Systems are included in business plans.

Implementation

Effective business plans improve EHS performance by capitalizing on opportunities created by potentially significant risks. Some risks are managed through compliance with laws and regulations, while emergency situations are controlled by following defined plans. Effective business plans emphasize the efficient use of natural resources and consider energy in developing products and services. Contractors, suppliers and partners are prudently selected and monitored, and overall performance is enhanced through feedback. Investigating incidents, responding to community concerns and establishing partnerships contribute to desired EHS results.

DEI's EHS Management System

1. Roles, Responsibilities and Accountabilities

Management creates the vision, sets the performance expectations and provides the resources to support the EHS Management System.

2. Risk Management

Anticipate, prevent and mitigate environmental, health & safety risks and impacts to protect people, the environment and the business.

3. Emergency Preparedness and Response

Anticipate, plan and drill to reduce the occurrence and severity of environment, health & safety emergency situations.

Business Planning

Implementation

Performance Measurement

Measurement

4. Compliance Management

Identify, communicate and satisfy legal and other EHS obligations.

5. Supplier, Contractor and Partner Relationships

Select and work with suppliers, contractors and partners to improve overall environmental, health and safety performance.

6. Stewardship and Community Relations

Manage the use of natural resources and energy as an integral part of our business and maintain quality of life and reduce waste and emissions. Open communication builds trust and cooperation with the communities we serve.

7. Goals Setting and Performance Measurement

Establish goals, implement business plans and track progress to improve environmental, health & safety results and achieve expectations.

8. Incident Reporting and Investigation

Report and investigate incidents to determine causes, correct deficiencies and prevent recurrence.

9. Assessment and Management System Review

Conduct assessments to determine environmental, health & safety compliance and to assure Management Systems are in place and working effectively.

Measurement

Measurement defines the degree to which business plans and Management Systems are being implemented. Actual results can be identified by assessing EHS performance, goals and targets, regulatory compliance and conformance with EHS Management Systems. Such a review and subsequent communication of performance progress leads to corrective and preventive actions, which improve performance.

Performance Improvement

Management System implementation and performance improvement contribute to long-term business success. Opportunities for improvement are identified through evaluating emergency plans, investigating incidents, assessing compliance and Management Systems, and sharing lessons learned. The need for changes to EHS Policy and Management Systems are addressed at both corporate and operational levels. These improvements are implemented through corrective and preventive actions and often lead to changes in goals, business plans and EHS Management Systems.

Our business units in each country work with DEI's EHS Corporate Department in implementing and integrating EHS systems into its existing systems. Each business unit can have its own systematic approach to complying with our EHS Management System. Some facilities may become certified under ISO 14001, ISO 9001 and/or OHSAS 18001, since our EHS Management System fulfills the requirement for most of these standards. This is the case for DEI Argentina, DEI Egenor (Peru) and DEI Central America (Guatemala and El Salvador). These business units implemented and certified Management Systems under ISO 9001, ISO 14001 and OHSAS 18001 international standards. We have 1,672 MW or 38.7 percent of the total gross installed capacity certified under ISO 14001, and 1,096 MW or 25.7 percent certified under the three standards. The table on page 33 provides detailed information.

These certificates demonstrate DEI's commitment to business excellence and continuous improvement in all relevant aspects of its business, guaranteeing:

- High-quality and reliable electric generation in benefit of our clients and end users.
- Preventive pollution practices favoring conservation and natural resources preservation.
- Safe and healthy work environment for all our employees, contractors and third parties.

Management Approach

DEI's EHS Policy declares we will set challenging goals and assess performance to continually improve EHS results that contribute to business success. We will work with suppliers, contractors and partners to enhance EHS performance.

Our management approach toward environmental indicators is guided by:

- Setting challenging goals and targets.
- Monitoring and measuring performance against those goals.
- Communicating with both internal and external stakeholders.
- Abiding to DEI's Stewardship Program.

Monitoring and measuring performance is integral to our EHS. We have established guidelines for ensuring that EHS goals and targets are developed and performance against them measured, with the overall objective of continuously improving performance.

- *Setting Goals and Targets Guideline*, describes the necessary steps for developing EHS goals and targets, preparing action plans for achieving the goals and targets, communicating goals and targets and the progress in achieving them, and ensuring that goals and targets are considered during short- and long-term planning.
- *Monitoring and Measuring Performance Guideline*, contains the requirements for establishing and implementing a program for monitoring and measuring performance, such as identifying operations and activities that should be periodically monitored and/or measured, developing monitoring and measuring procedures, compiling results and reporting EHS performance.

We expect to see our environmental indicators continue to improve as we move to a generation portfolio that relies more on renewable energy sources and natural gas combined-cycle technologies. The following would influence changes in these indicators:

- Energy produced from renewable energy sources will reduce our consumption of fossil fuels, as well as reduce the emissions, effluents and wastes associated with the combustion process.
- The natural gas combined-cycle is more efficient, thereby reducing the demand of fuel per MWh, emission, water use and wastes, such as ash, among others.
- Electricity generation through cogeneration technologies will elevate energy usage per MWh.

Likewise, one of the three elements in our EHS Management System that makes up the Business Implementation Phase includes Stewardship and Community Relations. Stewardship involves voluntarily going beyond what is required by EHS laws and regulations (going beyond compliance) by

Business Unit	Facilities	ISO standard Certified
DEI Argentina DEI Cerros Colorados obtained the ISO 14001:1996 certification in 2002. In 2006, this hydroelectric facility, along with the Alto Valle thermoelectric facility, were recertified by Bureau Veritas Quality International, under the new version of the standard—ISO 14001:2004.	Hydro facilities Cerros Colorados 479 MW Thermal facilities Alto Valle 97 MW	
DEI Egenor (Peru) On July 2003, DEI Egenor became the first electricity generation company in Peru to receive triple certification—ISO 9001:2000, ISO 14001:1996, and OHSAS 18001:1999—by Bureau Veritas Quality International. This demostrated DEI's commitment to excellence in managing its generation, maintenance, and transmission processes.	Hydro facilities Cañon del Pato 263 MW Carhuaquero 112 MW Thermal facilities Piura 40 MW Chiclayo 20 MW	
DEI Guatemala/ DEI El Salvador On March 2006, DEI Guatemala and DEI El Salvador received the triple certification for Quality Management (ISO 9001:2000), Environmental Management (ISO 14001:2004), and Occupational Health and Safety practices (OHSAS 18001:1999). In February 2009, DEI Central American's integrated Management System was re-certified with the most recent version of the international standards ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.	Thermal facilities Guatemala Arizona 176 MW Las Palmas 89 MW Guatemala Offices Thermal facilities El Salvador Acajutla Diesel 150 MW Acajutla Vapor & Gas 163 MW Soyapango 15MW El Salvador Offices	

considering EHS risks when designing and operating assets, and where feasible, minimizing their impacts to the environment, employees and community. Stewardship embraces the concepts of natural resource and energy conservation and pollution prevention. Community relations promotes working and interacting with the community, environmental organizations, regulatory agencies and other companies to identify ways to improve our overall EHS performance, increase EHS awareness and prevent, resolve or minimize conflicts and concerns on EHS issues.

We embrace these concepts and have developed the following guidelines for ensuring that stewardship is considered during all phases of our business:

- *Internal and External Communication Guideline,* which includes the requirements for establishing a community relations program.
- *Stewardship Program Guideline*, which requires management to communicate and demonstrate support for a stewardship program and for assessments that identify sources of pollution and resource (e.g., fuel, electricity, water, etc.) usage so that pollution prevention and resource conservation opportunities can be identified, prioritized and implemented.

Our Stewardship Program establishes the requirements for identifying ways in which the generation of pollution, off-specification materials and wastes can be efficiently reduced, reused or recycled, and energy and natural resources can be managed efficiently by:

- Conducting a Stewardship Program Assessment to identify the sources of pollution, resources being used, wastes generated, etc., and document the results.
- Identifying and prioritizing opportunities for pollution prevention and energy and natural resources conservation based on the results of the Stewardship Program Assessment.
- Screening opportunities for technical and economic feasibility to disqualify those that have marginal value or are impractical.

Paranapanema River, Brazil

Environmental Impact Assessment Process

As part of our project planning and risk assessment process, we perform environmental impact assessments (EIA) to determine the viability of new projects or the expansion of existing ones, and support us with licensing. These assessments help both to identify and evaluate potential environmental and social risks and impacts our operations could pose, and to manage and mitigate them appropriately. EIAs also allow us to identify potential opportunities that can be leveraged to benefit the environment and local communities.

Global Climate Change

Global Climate Change is being debated in cities, states and nations around the world. Stakeholders have differing views on which actions should be taken to respond to the issue. Most scientists believe that greenhouse gas (GHG) emissions from human activities are influencing the earth's climate. Although there is much to learn about the cause and effect of climate change, consensus is building that steps should be taken now to reduce these emissions. Duke Energy shares that view.

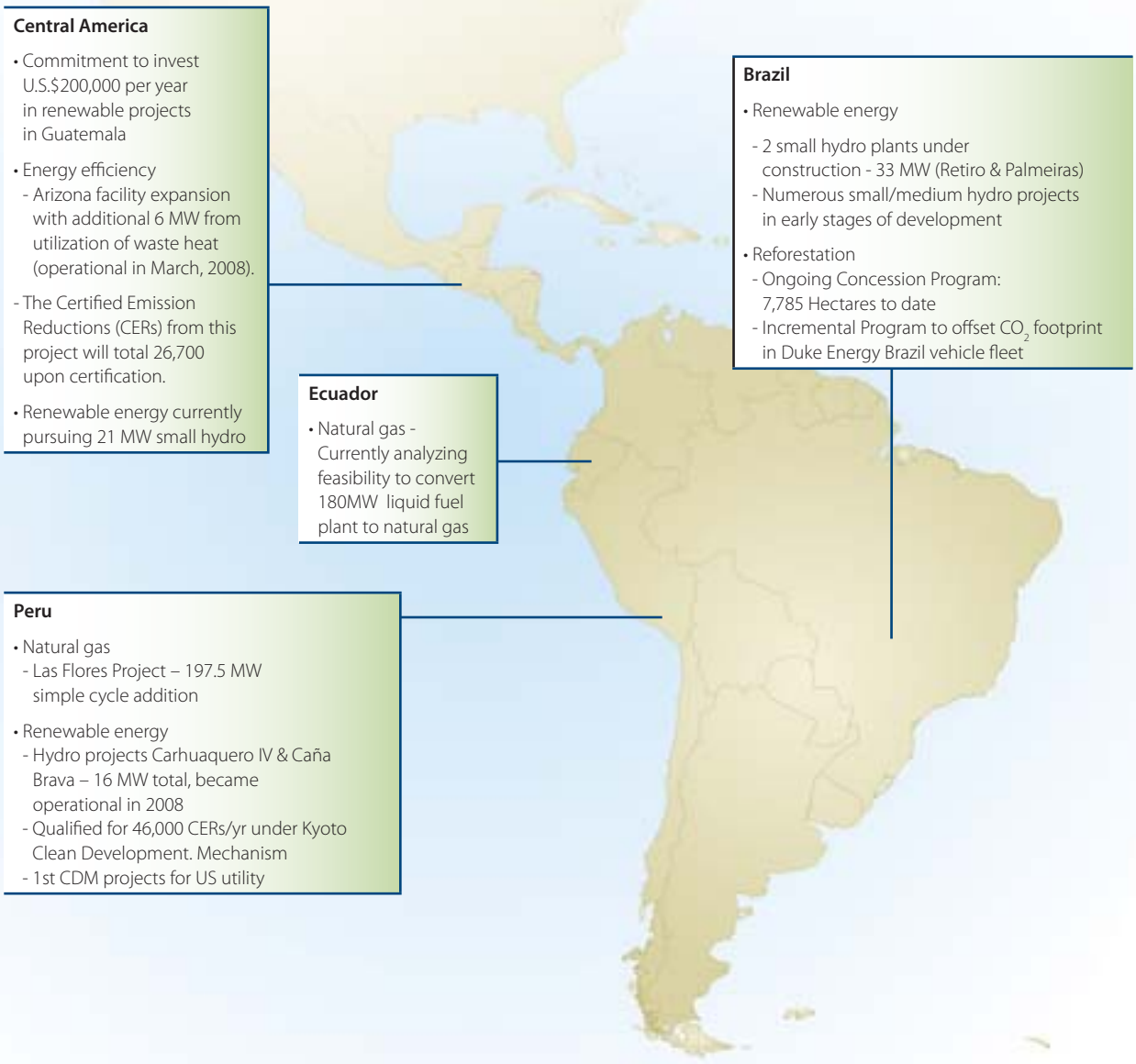
We have a responsibility to our customers, our investors and our communities to play a leading role as stewards of the environment.

Reducing Carbon Footprint

DEI contributes to Duke Energy's effort to reduce the carbon footprint primarily by making operations more efficient. Duke Energy's corporate strategy, Our Direction in 2008 and Beyond, guides DEI's action, which focus on:

- Securing reliable and cost-effective energy alternatives to meet the growing demand. In pursuing new energy sources we must consider several criteria: availability, cost, reliability, and social and environmental impact. Balancing these criteria enables us to make the most appropriate decision for the client, the community and the company.

DEI actions to reduce carbon footprint



- Evaluating low-carbon technologies that include clean coal and natural gas, as well as renewable alternatives and energy-efficient technology.
- Reducing, avoiding and/or sequestering carbon dioxide (CO_2).

During 2008, the Carhuaquero IV and Caña Brava projects, in Peru, qualified for carbon credits under the United Nations Framework for Climate Change (UNFCCC) Clean Development Mechanism (CDM) program. The projects, with an installed capacity of 9.7 MW and 5.7 MW, respectively, were developed down river of the Carhuaquero hydroelectric plant, and will reduce emissions by 24,000 and 22,000 metric tons of carbon dioxide equivalents per year. Carhuaquero IV began operations in May 2008, and Caña Brava, began operations in November 2008. These projects use the water of the Chancay River to generate clean energy. Under the CDM program, both projects will receive Certificates of Emissions Reductions (CER) for each metric ton of carbon dioxide equivalent reduced. These CERs may be traded and sold to industrialized countries to help them meet their reduction targets or to outside carbon exchange markets.

Carhuaquero IV and Caña Brava are the first DEI projects under the CDM program and show our commitment to sustainable development. These and other CDM projects currently included

in our development program will support Duke Energy's overall emissions reduction goal and will contribute to our low-carbon emissions profile. In addition to the aforementioned benefits, both projects used local labor for construction, and contributed to the maintenance of access roads, improvement of infrastructure in neighboring schools, and crop development in adjacent areas.

Other specific actions by country are presented in the figure above.

Environmental Indicators

Materials Use

As an electricity generator, our materials use is mainly driven by the use of fossil fuels (in thermoelectric plants), water (hydropower, cooling systems and steam production), and indirect energy use. We also use some chemicals during our generation process, setup and maintenance of our heating and closed-loop cooling systems, and treatment of discharges.

Our Stewardship Program fosters best management practices for natural resources and chemical use, by:

- Promoting the efficient use of natural resources.
- Looking for chemical substitution, when feasible, for more environmentally friendly and safer products.

An example of how we promote the efficient use of natural resources is the SPRINT™ system, installed in the four LM6000 units at the Electroquil plant in Ecuador, in August 2008. This system increased the total generating capacity by 10 MW without using additional fuel. Without the system, generating these additional 10 MW would represent an approximate consumption of 690 gallons of No. 2 diesel per hour per unit, equivalent to an annual average consumption of 1,104,000 gallons of fuel and 1,600 hours of dispatch per year for each unit. Moreover, this system prevents the generation of approximately 18,000 kilograms of nitrogen oxide (NOx), 3,000 kilograms of sulfur dioxide (SO_2) and 1,000 kilograms of particulate matter (PM) per year. It also reduces the emissions rate from 1.62 to 1.44 kilograms of NOx+SO_2+PM per MW hour generated, reducing the environmental footprint of Electroquil's operations.

Energy

We promote the efficient use of energy through the adequate design, operation and maintenance of our operations, and the use of new and clean technologies. Our direct energy use by main sources is summarized in the table "DEI's Direct Energy Use by Primary Sources."

Water

Water plays an important role in DEI's electricity generation activities. It is the primary source for our hydropower activities, and is critical in the thermoelectric generation process where it is used primarily for cooling and steam generation.

Our Stewardship Program has clear provisions and measures for water management that include conservation, optimization, reuse, recycling, and system retrofits to reduce water demand. Furthermore, DEI has established the following guidelines for water and wastewater management:

- *Wastewater Quality Management Guideline*, establishes requirements for the management of

Country / Business Unit	2007			2008		
	Fuel Oil (U.S. Gallons)		Natural Gas (Thousand Cubic Meters)	Fuel Oil (U.S. Gallons)		Natural Gas (Thousand Cubic Meters)
	HFO	LFO		HFO	LFO	
Argentina	0	0	138,569	0	0	139,604
Brazil	0	0	0	0	0	0
Ecuador	0	35,264,967	0	0	18,746,026	0
El Salvador	61,221,114	2,601,518	0	51,701,622	861,354	0
Guatemala	75,739,088	882,143	0	56,991,971	398,064	0
Peru (Egenor)	8,399,530	2,471,295		7,509,108	9,342,174	0
Peru (Aguaytia)	0	0	397,071	0	0	421,748
TOTAL	**145,359,732**	**41,219,923**	**535,640**	**116,202,701**	**29,347,618**	**561,352**

DEI's Direct Energy Use by Primary Sources


Santa River, Peru

wastewater and storm water discharges from facilities to meet or exceed applicable laws and regulations.

- *Potable Water Management Guideline*, establishes the requirements for maintaining, monitoring, and sampling the potable water supply to meet or exceed local regulatory requirements.

Both compliance guidelines ensure that systems are in place and functioning for verifying that:

- An inventory of discharges has been developed.
- Both water usage and discharges are permitted and managed according to regulatory requirements.
- Potable water systems and wastewater treatment plant or units are properly operated and maintained.
- Potable water meets established limits and discharges and wastewater is monitored and in compliance with applicable requirements.
- Water is managed at the facility to minimize usage, including maximizing recycling and reuse.
- Employees are trained according to these guidelines.

Power plants within DEI all require water to operate. Hydropower plants use water directly to generate power. Thermoelectric power plants withdraw water from nearby water sources (lakes, streams, rivers, estuaries, aquifers, etc.). This water passes through various processes in the power plant, and is ultimately returned to the original water body (Water Use).

Water for thermoelectric power is mainly also used in generating electricity with steam-driven turbine generators and in cooling down power-producing equipment. A portion of the water in power plant operations is lost typically through evaporation (Water Consumption).

Steam turbines, boilers and heat-recovery steam generators all require cooling systems to condense steam, generate electricity or cool down heating systems. Water is also required for boiler makeup, auxiliary station equipment, ash handling, and emissions control systems (e.g., Flue Gas Desulfurization (FDG) systems).

Water consumption will depend of the type of power generation technology utilized. Some measures adopted for proper water management and water conservation operations are optimization, reuse and modification of systems that reduce water demand.

Efforts for proper water management were highlighted through the PMC (Continuous Improvement Program). The PMC encourages employee teams to identify ways to improve our environmental and safety procedures, enhance revenues, reduce costs, simplify work processes and improve efficiency and productivity. Several PMC projects have attempted to increment the efficient use or natural resources such as water. Examples of water conservation projects are:

- Modification of water transfer system, increasing thermal cycle and water usage efficiency and reducing start-up process for steam turbines (Argentina).
- Irrigation of green areas around the power plants with recycled water from run-off and treated process water. The projects allowed a more efficient use of natural resources by recycling water (Guatemala and Peru).
- Modification of the water de-mineralization units of the Electroquil power plant. This modification allowed the recovery of 849,600 gallons of good quality water during the first year. The recovered water is being utilized in the air emission control system of the LM 6000 turbines.

In 2008, certain DEI business units began conducting water balance surveys to better understand how water is used in their operations. The surveys will distinguish between water withdrawn from the source, water returned to the source and losses due to evaporation. Flow schematics and surveys will be reviewed by plant management. This effort will be completed during 2009, and a water usage measurement, monitoring and inventory plan will be implemented at these facility to support DEI's efforts to address long-term water supply issues.

Biodiversity

Biodiversity is evaluated as part of our environmental impact assessment, enabling us to identify, manage and mitigate potential impacts on the environment. This is important because our large hydroelectric plants have potential impacts to biodiversity. The facilities included herein have been identified because of the extension and size of the reservoirs. Nonetheless, it is important to highlight that none of these facilities are located near protected areas. Along with a description of these hydroelectric plants, a summary is provided of some of the most relevant environmental programs that have been implemented to control their impacts.

Hydroelectric Complex Cerros Colorados, Argentina

The Hydroelectric Complex Cerros Colorados is in the lower valley of the Neuquen River, 60 km northwest of the city of Neuquen. The complex is constituted by the Portezuelo Grande, Loma de la Lata, Mari Menuco, Planicie Banderita and the Chanar reservoirs and the Mari Menuco, Barreales and Chanar dams. DEI's hydroelectric power station is near the Planicie Banderita reservoir and has an installed capacity of 479 MW.

The complex serves to control flooding, generate power, regulate flow and secure water for both human consumption and irrigation. The Barreales and Mari Menuco dams allow for nautical navigation and recreational use.

Cerros Colorados Hydroelectric Complex, DEI Argentina

Water Conservation Program

DEI Argentina permanently monitors the water quality of the Neuquen River and the dams of Cerros Colorados. Data collection of physical, chemical and biological variables from the aquatic ecosystem is undertaken to determine the general state of the water bodies and their seasonal dynamics. This enables us to understand:

- Ecological conditions under which the different aquatic organisms develop.
- Vertical circulation water patterns, how they alternate between stratification and non-stratification intervals, and how it affects the metabolism of the water body, its chemical composition and the availability of nutrients for the production of organisms (a primary link in the nutritional chains).
- General trophic levels are an indicator of the health of water bodies and water systems (including an analysis of nitrogen, phosphorus, chlorophyll).
- Bacteriological quality control in sites more influenced by human presence, which allows the detection of potential situations of biological contamination that would affect the use of this resource.
- Meticulous monitoring of the state of the water returned to the system to ensure it does not contain polluting agents, chemical elements, etc.

Fauna Conservation Program

The Cerros Colorados program aims to monitor and control the population of fish of the Neuquen River and the Barreales, Mari Menuco and Chanar dams by sampling populations throughout the year. Main program objectives are:

Socó (common name) or Tigrisoma lineatum, a common bird of the wetlands close the Paranapanema River, Brazil

Cañon del Pato Hydroelectric Power Plant, Peru

- Obtain a historical registry of the composition of fish species and their relative abundance, detecting seasonal changes within these variables. An important variation in the obtained values could identify problems within fish populations.
- Collect data of variables such as length, weight, age, state of the reproductive organs and feeding patterns of the different species. These studies expand our knowledge on aspects related to the growth, development, reproductive activities and potential competition for food by the different species.
- Evaluate the health conditions of fish to proactively detect the appearance of pathogens.

Hydroelectric power plant Cañon del Pato (Peru)

The facility is on the Santa River, which has a catchment area of 4,897 sq. km. In 1992, the Paron Reservoir, 4,195 meters above sea level, and Cullicocha dams, 4,617 meters above sea level, began operation. These were followed in 2003 by the Aguascocha Reservoir of 4,285 meters above sea level, and in 2005 by the Rajucolta Reservoir, 4,274 meters above sea level. Altogether they contribute 70 million cubic meters of water during the dry season. In 2001, San Diego dam, 2,006 meters above sea level, was inaugurated.

These dams are central to the generation of the power plant. The main structures of the facility are built on the Santa River, between the Quitaracsa River and the Cedros Gorge, part of the Cordillera Blanca range forms.

Designed initially to have a final capacity of 150 MW, the hydroelectric power plant of Cañon del Pato entered operation in 1958. Its original power was of 50 MW that was extended to 100 and 150 MW in 1967 and 1981, respectively. In 1999, DEI's expansion work for 100 MW increased the installed capacity to 263 MW. Currently, the plant has an installed capacity of 364 MW.

At the Cañon del Pato facility, the solid waste from up-river communities is captured and sorted for proper disposal in a sanitary landfill that has been opened for this purpose, benefiting the environment and the communities down river.

Hydroelectric power plant Carhuaquero (Peru)

The hydroelectric power plant of Carhuaquero is on the Chancay River and has a 1,622 sq. km. river basin catchment area, with normal volumes that vary between 6 and 64.5 cubic meters of water per second. The power plant initiated its operations in 1991, with three units of 25 MW each. It serves the cities of Chiclayo, Piura, Trujillo, Cajamarca, Pacasmayo and Chepen. In 1998 DEI Egenor finished the expansion of Carhuaquero, to realize its current total installed capacity of 96 MW.

In November 2006, DEI Egenor initiated the construction of the Carhuaquero IV and Caña Brava projects, with a total installed capacity of 16 MW.

DEI Egenor operates both hydroelectric power stations—Cañon del Pato and Carhuaquero—with a permanent commitment toward environmental protection and conservation.

DEI Geração Paranapanema Hydroelectric Power Plants (Brazil)

DEI Geração Paranapanema has an installed capacity of 2,307 MW, distributed among eight hydroelectric power stations along the Paranapanema River: Jurumirim, Chavantes, Salto Grande, Canoas I and Canoas II, Capivara, Taquaruçu and Rosana. The Paranapanema River serves as a natural limit between the states of Sao Paulo and Parana, and is the last large clean river—930 km long—in these two states.

The Paranapanema River crosses several municipalities where farming communities and areas of environmental preservation are found.

Plant Name	Location	Reservoir Extension (sq. km)	Installed Capacity (MW)
Jurumirin	Proximity to Piraju (SP) and Carqueira (SP) cities	449	98
Chavantes	Proximity to Chavantes (SP) and Ribeirao Claro (SP) cities	400	414
Salto Grande	Proximity to Salto Claro (SP) and Cambara (SP) cities	12	74
Canoas II	Between Palmital (SP) and Andira (PR) cities	23	72
Canoas I	Between Candido Mota (SP) and Itambaraca (PR) cities	31	83
Capivara	Proximity of Taciba (SP) and Porecatu (PR)	576	640
Taquaruçu	Between Sandovalina (SP) and Itaguaje (PR) municipalities	80	554
Rosana	Between Rosana (SP) and Diamante do Norte (PR) municipalities	220	372

DEI's Hydroelectric Power Plants along the Paranapanema River, Brazil

Environmental Program

DEI Brazil's aquaculture program looks to maintain the balance of the ecosystem and to preserve the biodiversity and wealth of the aquatic fauna of the Paranapanema River. This program releases 1.5 million fish into the Paranapanema River basin, and has been taken as a reference program for similar efforts across Brazil. The program has benefited the communities through the development of professional and sport fishing programs, as well as raising the awareness of the inhabitants toward environmental conservation and pollution prevention.

The species in the program are bred in the hydrobiology and aquaculture station at the Salto Grande facility through an agreement between DEI and the Faculty for Research and Development of Aquaculture, "Luis Meneghel" FALM. The agreement, signed in 2007, names FALM as the entity responsible for managing and operating the station at Salto Grande for at least four years.

Research at the station includes genetic monitoring, migration, and classification of species. The following state universities support the program: Universidade Estadual Paulista de Botucatu UNESP, Universidade Estadual de Londrina UEL, and Universidade Estadual de Maringa UEM.

As part of the program, DEI Brazil created the "Paranapanema River Fish Catalogue" in which 155 species present in the river basin are described. Copies of this catalogue were distributed to city halls, libraries, non-governmental organizations (NGOs) and universities of the Paranapanema River region.

Natural Vegetation Recovery Program

For decades the flora along rivers in different regions of Brazil has been degraded and in some cases completely lost. DEI Brazil has implemented a program to recover the natural vegetation along the reservoirs of its hydroelectric power stations in the Paranapanema River, planting more than 9 million native trees. To date, this represents a recovered area of more than 5,500 hectares.The program:

- Increases social conscience toward the ecological value of the native flora as an essential element for the balance and preservation of the environment.
- Improves the environmental and the hydrologic resources conditions, through the reduction of the erosion process and maintenance of the region's biodiversity and water quality.
- Preserves an ecosystem that serves as refuge for many species of birds, reptiles and mammals.
- Increases tourism potential contributing to the generation of employment and income opportunities for the region's inhabitants.

Forest Conservation Program

The forest conservation program was implemented in 1999 at the Canoas I and Canoas II stations. DEI Brazil, city halls, and agrarian and environmental institutions in the area work together towards environmental conservation to support the forest cover restoration across the river basin of the Paranapanema River.

DEI Brazil donates native species of trees of excellent quality and variety, and offers technical support to volunteers looking to help planting and maintaining these areas. So far DEI Brazil has provided seedlings to reforest 1,200 hectares of land.

Natural Vegetation Recovery Program, DEI Brazil

Emissions, Effluents and Wastes


Arizona Thermoelectric Facility, DEI Guatemala

DEI's EHS Policy declares that all business units worldwide will comply with internal standards, procedures and applicable laws and regulations. In agreement with this principle, business planning is addressed by three key elements of our EHS Management System. All three elements are necessary for ensuring businesses develop appropriate plans for managing hazards and contingencies associated with their operations, and employees understand their roles and responsibilities for implementing those plans.

We have developed a risk management program that ensures that EHS hazards and their associated risks are identified and evaluated. The program's overall goal is to ensure appropriate policies, procedures and programs are in place to prevent, reduce or control these risks. The risk management program is not contained in a single guideline but in a combination of guidelines. These include:

- *Risk Assessment Guideline*, which contains the requirements for identifying and evaluating EHS hazards and risks associated with our operations and activities so appropriate measures can be implemented to eliminate, control or effectively manage these hazards and risks.
- *Management of Change Guideline*, which ensures all EHS hazards and risks associated with new or modified processes or equipment, chemical and raw material changes, design modifications, etc., are reviewed to determine whether additional EHS hazards or risks exist, and if so, that appropriate measures are in place for preventing, reducing or controlling impacts associated with these hazards and risks.
- *Mechanical Integrity Guideline*, which describes the procedures for ensuring that equipment critical for preventing, reducing or controlling hazards and risks associated with our processes and equipment are properly designed, installed, maintained, and inspected.
- *Due Diligence Assessment Guideline*, which provides guidance in conducting due diligence assessments to identify potential EHS hazards, risks and liabilities associated with real estate and business transactions.
- *Post-Acquisition EHS Integration Guideline*, which describes how to effectively integrate new assets into our EHS Management System so that EHS hazards and risks associated with the acquisition and its operations are managed appropriately.

Furthermore, DEI has developed comprehensive EHS Compliance Guidelines to provide guidance and procedures for addressing a full range of EHS hazards and risks associated with business operations and activities and deal with emissions, effluents and wastes.

Emissions

The amount and nature of air emissions from thermal power plants depend on factors such as the fuel (e.g., coal, fuel oil, natural gas, or biomass), the type and design of the combustion unit (e.g., reciprocating engines, combustion turbines, or boilers), operating practices, emission control measures (e.g., primary combustion control, secondary flue gas treatment) and overall system efficiency. The primary emissions to air from the combustion of fossil fuels are SO_2, NOx, PM, carbon monoxide (CO), and GHG, such as CO_2.

Some measures being implemented by our business units to reduce primary emissions of multiple air pollutants, including CO_2, per unit of energy generation are:

- Utilization of fuels with the best emissions specifications economically available.
- Consistency with the overall energy and environmental policy of the country or region where new projects are proposed.
- Preference to high-heat-content, low-ash, and low-sulfur coal.

DEI's CO_2 Emissions for 2008

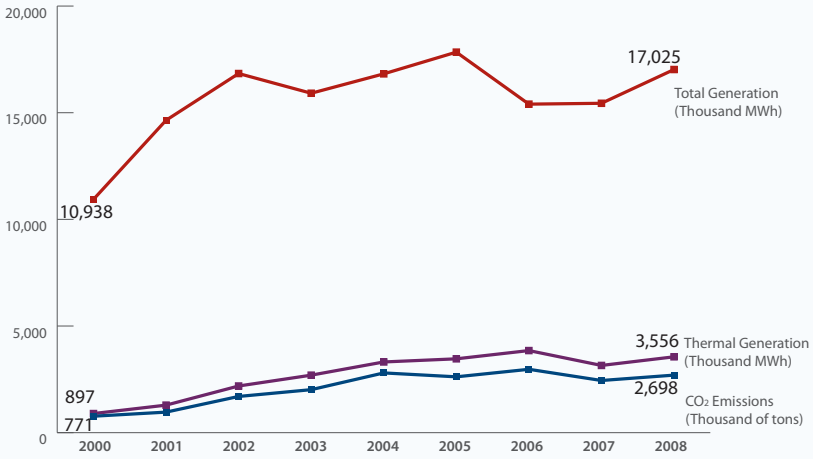
These emissions are associated with the company's stationary sources and fleet (vehicles owned by the company).

Country / Business Unit	Fuel	Tons CO_2/year	Tons CO_2 / GWh*	Tons CO_2 / GWh**
Argentina	Hydro + Natural Gas	295,731	578	176
Brazil	Hydro	0	0	0
Ecuador	LFO	172,397	805	N.A.
El Salvador	HFO & LFO	610,507	834	N.A.
Guatemala	HFO & LFO	738,089	749	N.A.
Peru - Egenor	Hydro + HFO & LFO	200,005	1,115	84
Peru - Aguaytia	Natural Gas	681,696	730	N.A.
TOTAL		**2,698,425**	**4,812**	**260**

DEI's CO_2 Emissions Organized by Country/Business Unit

***Only thermal generation**

****Thermal and hydro combined**



DEI's CO_2 Emissions Historical Trend 2000-2008

Country Business Unit	Tons of CO_2/year (Company Vehicles)
Argentina	74
Brazil	561
Ecuador	40
El Salvador	191
Guatemala	141
Peru - Egenor	310
Peru - Aguaytia	152
Total	1,469

DEI's CO_2 Emissions from Company Vehicles by Country for 2008

- Selection of the best power generation technology available for the fuel chosen to balance the environmental and economic benefits.
- Choice of technology and pollution control systems based on the site-specific environmental assessment.
- Stack heights designed according to Good International Industry Practice (GIIP) to avoid excessive ground level concentrations and minimize impacts.
- Use of combined heat and power (CHP) or cogeneration facilities.

Greenhouse Gas Emissions

Our business units follow the "Duke Energy Greenhouse Gas Emissions Estimating and Reporting Protocol" to prepare an annual GHG Emissions Inventory. The protocol supports Duke Energy's work related to climate change. This work requires Duke Energy to create a consistent, transparent and verifiable corporate-wide inventory of its GHG emissions and emission sources by establishing a systematic estimation and reporting system.

DEI started gathering annual data on GHG emissions in 2000 as part of Duke Energy's GHG emissions inventory. This inventory estimates emissions of four of the six greenhouse gases—CO_2, methane (CH_4), hydrofluorocarbons (HFC-134a) and sulfur hexafluoride (SF_6)—identified by the UNFCCC. Each business unit estimates and reports on these four GHGs as they pertain to a business unit's operations and as specified in this protocol.

Given that Duke Energy's global GHG-producing activities are dominated by stationary combustion sources and that emissions from these sources are dominated by CO_2, DEI's CO_2 emissions account for over 99 percent of our total GHG emissions.

The annual GHG inventory and associated information produced from implementation of this protocol will support:

- Identification and quantification of potential GHG-reduction opportunities.
- Development of potential GHG mitigation strategies.
- Quantification and documentation of GHG reductions resulting from ongoing and potential future activities and practices.
- Internal and external GHG emissions reporting.
- Benchmarking DEI's performance.

DEI's growth strategy has focused on increasing production at existing plants, limiting its ability to stabilize and reduce emissions in absolute terms. DEI's new strategy looks to increase energy generation from low-carbon technologies and renewable energy sources, enabling us to reduce emissions gradually by MWh generated.

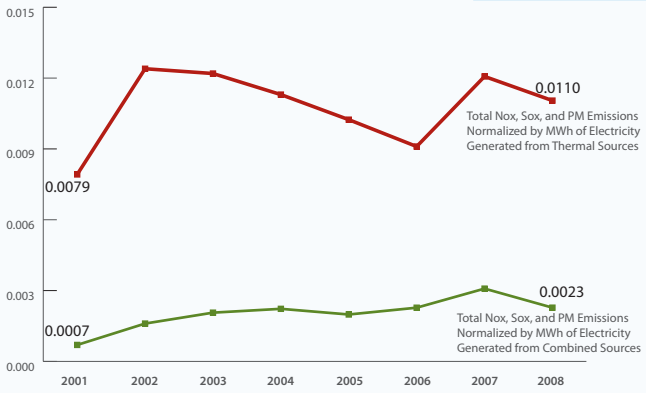
Other factors, including fuel prices and CO_2 rights, as well as our hydroelectric capacity—75 percent of our generation capacity comes from this source that depends on highly variable waterfall and reservoir capacity—influence which generation technology prevails.To meet the requirements related to air quality, CO_2 emissions, and other pollutants,

NOx, SO_2 and PM Emissions

DEI NOx Emissions 2008				
Country / Business Unit	Fuel	Tons/year	Tons / GWh (Only Thermal)	Tons / GWh (Thermal + Hydro)
Argentina	Hydro + Natural Gas	663	0.00143	0.00043
Brazil	Hydro	0	0	0
Ecuador	LFO	236	0.0110	N.A.
El Salvador	HFO & LFO	5,472	0.00748	N.A.
Guatemala	HFO & LFO	8,402	0.00852	N.A.
Peru - Egenor	Hydro + HFO & LFO	3,624	0.02021	0.00152
Peru - Aguaytia	Natural Gas	1,682	0.00180	N.A.
TOTAL		**20,079**	**0.00572**	**0.00113**

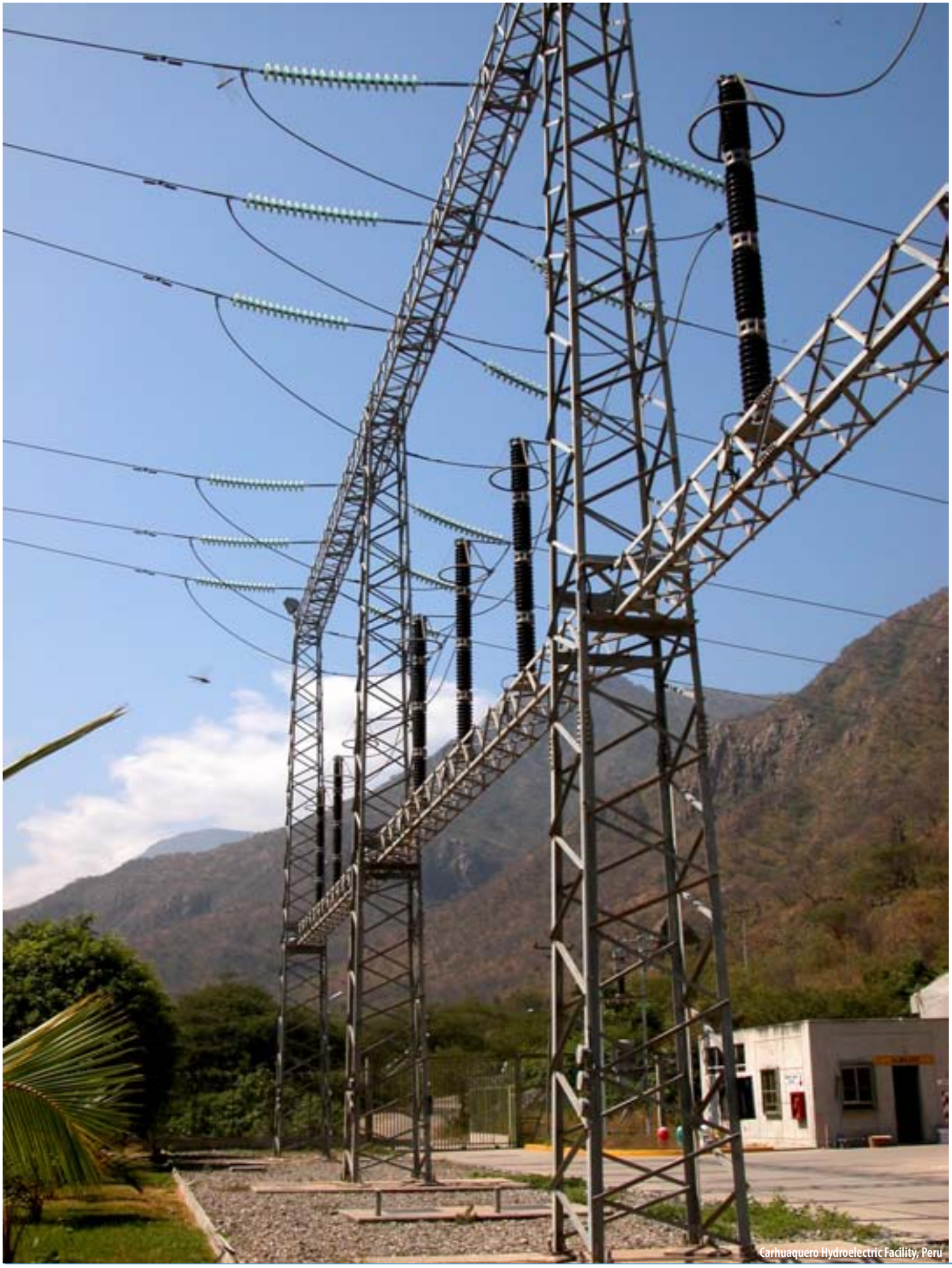
DEI SO_2 Emissions 2008				
Country / Business Unit	Fuel	Tons/year	Tons / GWh (Only Thermal)	Tons / GWh (Thermal + Hydro)
Argentina	Hydro + Natural Gas	7	0.00002	0.000005
Brazil	Hydro	0	0	0
Ecuador	LFO	32	0.00015	N.A.
El Salvador	HFO & LFO	6,720	0.00918	N.A.
Guatemala	HFO & LFO	8,497	0.00862	N.A.
Peru - Egenor	Hydro + HFO & LFO	2,516	0.01403	0.00105
Peru - Aguaytia	Natural Gas	18	0.00002	N.A.
TOTAL		**17,792**	**0.00507**	**0.00100**

DEI PM Emissions 2008				
Country / Business Unit	Fuel	Tons/year	Tons / GWh (Only Thermal)	Tons / GWh (Thermal + Hydro)
Argentina	Hydro + Natural Gas	14	0.00003	0.00001
Brazil	Hydro	0	0	0
Ecuador	LFO	12	0.00005	
El Salvador	HFO & LFO	342	0.00047	
Guatemala	HFO & LFO	383	0.00039	
Peru - Egenor	Hydro + HFO & LFO	113	0.00063	0.00005
Peru - Aguaytia	Natural Gas	35	0.00004	
TOTAL		**898**	**0.00026**	**0.00005**



Historical Trend of DEI's NOx, SO_2 and PM Emissions Normalized by MWh of Generation 2001-2008

Historical Trend of DEI's NOx, SO_2 and PM Emissions by Year from 2001-2008



Carhuaquero Hydroelectric Facility, Peru

we developed the *Air Quality Management Guideline*. This guideline establishes the requirements to be followed to ensure compliance with air quality permitting, emissions monitoring and reporting requirements. It includes procedures that cover the following relevant topics: permitting and regulatory compliance, air emissions inventory, air pollution control equipment, air emissions monitoring, greenhouse gas emissions, periodic emission reporting, nuisance odors and dusts, training and recordkeeping requirements.

Effluents

Effluents from thermal power plants include thermal discharges, wastewater effluents, and sanitary wastewater.

Thermal Discharges

DEI thermal power plants require water to cool and condense the steam used to generate electricity. The heated water is normally discharged back to the source water (i.e., river, lake, estuary, or the ocean) or the nearest surface water body. In general, thermal discharges are designed to ensure that discharge water temperature does not exceed relevant standards. Where no regulatory standard exists, the acceptable ambient water temperature change will be established through environmental assessment.

Wastewater Effluents

The wastewater streams in a thermal power plant include cooling tower blow-downs; emissions control systems (wet FGD system discharges) wastewater; ash handling wastewater; material storage runoff; metal cleaning wastewater; air heater and precipitator wash water, boiler blow-downs, boiler chemical cleaning waste, floor and yard drains and sumps, laboratory wastes, and back-flush from ion exchange boiler water purification units.

Arizona power facility in Guatemala, with 176 MW of installed capacity, incorporates all the above systems and equipment, generating a treated effluent volume of 31,300 cubic meters per year.

The characteristics of the wastewaters generated depend on how the water has been used. Contamination arises from demineralizers, lubricating and auxiliary fuel oils, trace contaminants in the fuel (introduced through the ash-handling wastewater and wet FGD system discharges), chlorine, biocides, and other chemicals used to manage the quality of water in cooling systems. Cooling tower blowdown tends to be very high in total dissolved solids but is generally classified as non-contact cooling water. As such, it is typically subject to limits for pH, residual chlorine, and chemicals that may be present in cooling tower additives (including corrosion inhibiting chemicals).

Sanitary Wastewater

Sewage and other wastewater generated from washrooms, etc., are similar to domestic wastewater.

Wastewater parameters and corresponding maximum discharge levels are normally established through environmental assessment on the basis of country legislation and recommendations from international guidelines like the World Bank and World Health Organization. Maximum discharge levels are consistently achieved by well designed, well-operated, and well-maintained pollution control systems.

Industrial-type wastewater may include acids or bases (exhibited as low or high pH), soluble organic chemicals causing depletion of dissolved oxygen, suspended solids, nutrients (phosphorus, nitrogen), heavy metals (e.g. cadmium, chromium, copper, lead, mercury, nickel, zinc), organic chemicals, oily materials, and volatile materials, as well as thermal characteristics of the discharge (e.g., elevated temperature).

To properly manage wastewater, DEI commonly practices wastewater characterization (quality, quantity, frequency and sources of liquid effluents in the facility), segregation of liquid effluents (industrial, sanitary and storm water), identification of opportunities to prevent or reduce wastewater (recycling, reuse, process modification, change of technology, and improvement of operating conditions).

The *Wastewater Quality Management Guideline* establishes the requirements to be followed to manage wastewater and stormwater discharges from facilities. It includes procedures that cover the following relevant topics: permitting and regulatory compliance, wastewater and stormwater discharge inventory, wastewater and stormwater management practices, wastewater and stormwater treatment, operation and maintenance, effluent monitoring program, reporting, training and recordkeeping.

Wastes

The quality and quantity of wastes generated in DEI power generating facilities depend in general on the type of fuel and the type of combustion technology. Oil combustion wastes include fly ash and bottom ash, and are normally generated in significant quantities when residual fuel oil is burned in oil-fired steam electric boilers. Other technologies such as combustion turbines and diesel engines and fuels like distillate oil generate little or no solid wastes.

Ash residues and the dust removed from exhaust gases may contain significant levels of heavy metals and some organic compounds, in addition to inert materials. Ash residues are not typically classified as a hazardous waste due to their inert nature.

The Waste Management, Storage and Transportation Guideline describes the requirements to be followed for managing the generation, classification, storage and transportation of wastes and for identifying and remediating areas within the facility contaminated with non-hazardous and hazardous wastes. It includes procedures for waste identification and characterization, waste minimization and reduction, waste storage, non-hazardous and hazardous waste transportation, waste treatment, storage and disposal, contaminated sites, training and recordkeeping requirements. It also includes the requirements for preparing an annual waste inventory for each facility, where all wastes are segregated and inventoried by waste stream. This guideline exceeds, in most cases, local requirements for waste management.

Wastes are typically managed in landfills or surface impoundments or, increasingly, may be applied for beneficial use. If beneficial use is not feasible, disposal of wastes in permitted landfills with environmental controls is common. To properly manage waste, we implement measures such as prevention, minimization and control of the volume of wastes, recycling and reutilization. The following are some examples:

El Salvador, Acajutla Power Plant—Header and Recycler for Fuel Drained from Skid Selector for Unit No. 5

This project, initiated in March 2008, connected all the drains from the mechanical and automatic fuel filters of the HFO and diesel skid selector so unit No. 5 could recover fuel for reuse. Without interconnection of the drains, there was a loss of oil and constant risk of environmental contamination. With implementation of the solution proposed by the employees, spills that could pollute water have been eliminated, avoiding possible legal sanctions.

This project is saving approximately U.S. $46,000 per year in fuel that can be reused. However, the project's main advantages are environmental, since the risk of water contamination has been reduced. For each liter of sediments impacted by oil, 1million liters of water could be contaminated. This is equivalent to the water consumption of one individual for 14 years.

Peru Egenor—Installation of a Hydraulic Press at the Cañon del Pato Water Intake

Since October 2008, all plastic waste carried by the Santa River—recovered at the Cañon del Pato water intake—has been compacted using a press constructed at the plant by maintenance personnel. This compactor was constructed using recycled equipment. The idea came from a previous Continuous Improvement Program (PMC) idea, where a compactor was used to compress metal trash generated in the maintenance shop. All of the waste originates in the cities and towns upstream from the water intake, and the debris is being recovered from the river as part of our Corporate Responsibility Program. Aside from improving and protecting the overall environmental quality of the river and surrounding areas, this project facilitates management of plastic waste through physical compacting, reducing transportation costs and the cost of final disposal.

PCB

Polychlorinated biphenyls (PCBs) are a common hazardous material utilized historically in the power generation industry. These were widely used in the electric industry as a dielectric fluid to provide electrical insulation. Their use has since been largely discontinued due to potential harmful effects on human health and the environment, but many pieces of equipment remain in service.

As part of its EHS Management System, DEI has a specific guideline for managing PCBs. This guideline provides information for the identification, safe handling, storage and disposal of PCB-containing materials (materials with PCB concentrations of 50 parts per million or greater). It defines the procedures, associated hazards, responsibilities, terms definition, and training and recordkeeping requirements. Its procedures identify: PCB and PCB-contaminated equipment; labeling practices; equipment, container and waste storage; PCB storage areas; inspections and maintenance of equipment containing PCBs; sampling requirements; spill cleanup; and proper disposal of wastes.

To implement this guideline throughout all business units, we inventoried all electrical equipment containing dielectric fluids. This assessment included sampling and analysis of dielectric fluids to determine the presence and concentration of PCBs. In some cases, like DEI Egenor and DEI El Salvador, equipment with dielectric fluids having a PCB content of above 50 ppm were being properly stored, awaiting final disposal in accordance with our guidelines and international standards.

Spills

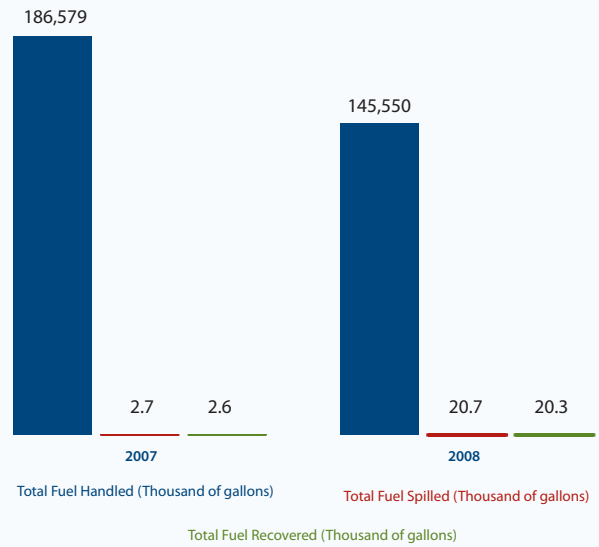
DEI operates two types of plants:

- Thermal plants, which handle large quantities of fuel oil and have the largest exposure to a spill risk. The total volume of fuel handled annually at these 17 plants totals over 145 million gallons. These plants also handle significantly lesser volumes of other liquids such as lubricating oils, cleaning liquids and liquid chemicals.
- Hydroelectric and natural gas plants, which use liquid fuel only for the on-site emergency generators and have a significantly smaller spill risk. The primary liquids at these plants are lubricating oils, cleaning liquids and other liquid chemicals.

The spills that occurred from 2006 to 2008 were primarily fuel oil, with comparatively insignificant occurrences of other types of liquid spills. Our liquids handling and spill prevention training has been successful in minimizing the quantity of liquids spilled in relation to the volume of liquids handled. We continue to further lower or eliminate future spill occurrences.

Our inspections program identifies potential spill hazards early on. The spill response training program focuses on a proactive and timely cleanup response once a spill occurs. As a result, nearly all spilled product is recovered prior to any lasting impact to the environment, as illustrated by the graph below.

DEI Spills (in U.S. gallons)	2007	2008
Quantity of Fuel Handled	186,579,655	145,550,319
Total Quantity Spill	2,713	20,682
Total Quantity Recovered	2,568	20,293
Quantity Unrecovered	145	389



DEI Spills for 2007 and 2008 in Thousand of U.S. gallons

Compliance

DEI has developed a comprehensive EHS compliance management program to meet applicable laws, regulations and internal requirements and expectations. These include:

- *Legal and Other Obligations and Emerging Issues Guideline*, which provides steps for systematically identifying, monitoring and evaluating the impact of applicable laws, regulations, industry standards, international treaties as well as tracking and evaluating new and changing EHS requirements and emerging issues. This is done so that policies, procedures and programs, as appropriate, can be developed or modified to meet compliance requirements.
- *Training and Awareness Guideline*, which includes procedures and requirements for communicating these EHS legal and other requirements (and plans for complying with them) to the appropriate employees.
- *Document Control Guideline*, which requires appropriate documents and records to be maintained to support compliance and so that the information is readily available and easily retrievable.
- *Data Management Guideline*, which describes for the types of EHS-related documents that must be maintained to support compliance with laws and regulations, EHS Compliance Guidelines, permits, licenses, etc., and the procedures for storing, archiving, destroying and filing these documents.

Additionally, the EHS Compliance Guidelines contain programs and procedures for controlling EHS risks inherent in our operations and activities.

We have an excellent regulatory compliance record over the last five years. Our operations averaged fewer than two regulatory citations per year, many of which did not have monetary fines. During 2008, one event was identified and reported as an environmental regulatory citation. However, no environmental monetary sanctions were registered during this period.

section four:

Social Performance

Employee and contractor health and safety performance, labor practices, training and education, and society and product responsibility are key factors to Duke Energy International's (DEI) overall social performance. This section highlights these areas and how we are meeting and exceeding expectations for each.

Health and Safety

Safety Vision

DEI's Safety Vision describes the expectations, values and principles of a Safety Culture, and strives to attain a zero injury culture and zero work-related illness. This Safety Vision applies to all employees and contractors, and reinforces a personal commitment at every level of the organization.

Evolution of DEI Safety Culture

Our Safety Culture has evolved from a compliant, reactive approach (comply with laws and regulations, and recognize corporate responsibility) to a proactive, advantageous approach (manage issues and risks not yet regulated to reduce future risks and liabilities, and manage issue for business advantage). It continues to evolve towards a sustainable approach (manage for sustainability, consistent with triple bottom line).

Our Safety Culture today was developed through:

- EHS Management System and EHS Compliance Guidelines.
- Annual "Operations Safety Leaders Workshop."
- Formalized Contractor Safety Program through a Contractor EHS Management Policy and implementation guidance.
- BST Organizational Culture Diagnostic Instruments (OCDI) to gauge the perception of DEI employees regarding organizational effectiveness, team issues and safety culture.
- Several initiatives for safety culture enhancement (Zero Injury / Zero Illness Campaign and Approaching Others—Tell Me program, Focus Groups, Safety Mascots).
- DEI Safety Behavior Standards (SBS) for safety culture continuous improvement.

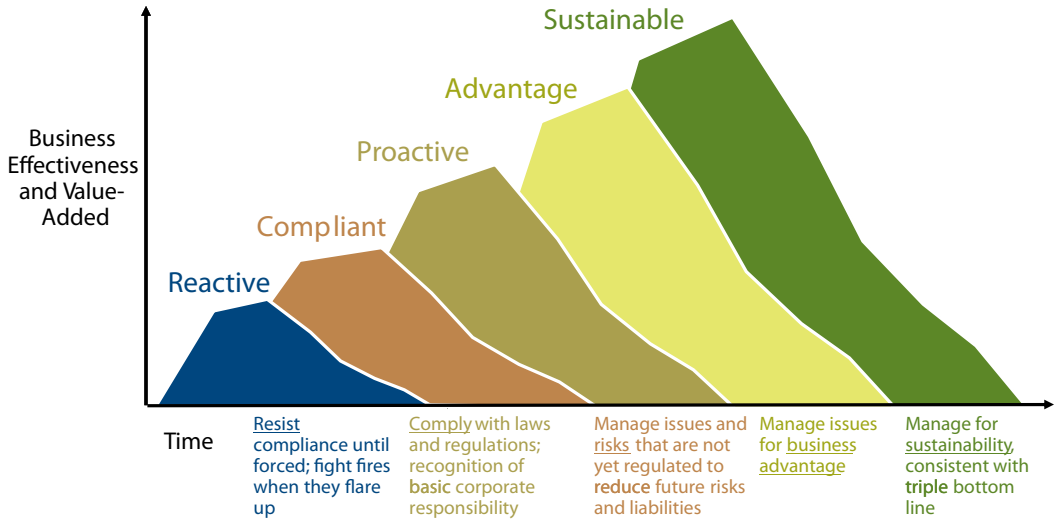
Our initial safety culture enhancement included development and implementation of safety skills for a zero injury / zero illness culture by developing abilities to:

- Lead safety through personal actions.
- Communicate safety up, down and across the organization.
- Approach and coach each other about risky behavior.

DEI Safety Mascots

Safety Mascots provide periodic and timely safety advice, which is essential to our Safety Culture. To convey safety messages in a more entertaining and enjoyable way, we initiated a project using a mascot to provide guidance and suggestions on

Evolution of DEI Safety Culture



1999

Duke Energy expanded operations abroad, particularly in Latin America, under the name Duke Energy International (DEI).

2000

- DEI started implementing a corporate Environmental Health and Safety Management System EHS MS.
- First EHS annual meeting (Houston – TX).

2001

DEI started implementing Environmental Health and Safety compliance guidelines (EHS guidelines) .

Second EHS annual meeting (Houston – TX).

2002

- DEI – Argentina implemented and certified an Environmental Management System based on ISO 14001.
- First version of DEI EHS MS and EHS compliance guidelines are issued.

DEI developed a more thorough, formalized contractor safety program: Contractor Management Policy in September 13, 2004 Contractor Management Implementation Guidance.

2003

DEI Egenor – Peru implemented and certified an Integrated Management System based on the international standards ISO 9001, ISO 14001 and OHSAS 18001.

2004

Following actions are implemented in DEI as part of the BST survey results to improve DEI safety culture:

- Approaching Others (Tell Me) program.
- Country specific mascots.
- DEI EHS&CM Quarterly Newsletter.
- AO Targeted Focus Groups.
- Continue roll-out of Zero injury/ illness Campaign.

- Fourth annual EHS meeting (Lima – Peru).

2005

- DEI Central America (El Salvador and Guatemala) implemented and certified an Integrated Management System based on the international standards ISO 9001, ISO 14001 and OHSAS 18001.
- DEI commissioned BST Solutions to administer the Organizational Culture Diagnostic Instrument (OCDI) to gauge the perceptions of DEI employees with respect to organizational effectiveness, team issues, and safety.
- Implementation of Pro-Active Driving Program (PDP).
- Third annual EHS meeting (Lima – Peru).

2006

- Rolling up of DEI SBS program and SBS gap analysis conducted at the different countries.
- Implementation of first DEI Safety Leading Metrics.
- Begin development of Sustainability Management System
- Sixth EHS annual meeting "Operations Safety Leaders Workshop" (Houston – TX).

2007

- Development of DEI Safety Behavior Standards (SBS) for Safety Culture continuous improvement.
- DEI project (Carhuaquero IV and Caña Brava) hydroelectric plants qualified for carbon credits under the Clean Development Mechanisms CDM in Peru . It will offset 46,000 metric tons of CO_2 equivalent per year.
- Fifth EHS annual meeting "Operations Safety Leaders Workshop" (Antigua – Guatemala).

2008

safety to all employees. Each country has its own mascot that represents its cultural values so workers can easily identify and connect with it.

DEI Safety Behavior Standards

DEI's EHS Department leadership identified the need for an alternative approach to improve our health and safety culture by reinforcing employees' perception and attitude toward it. To accomplish this, in 2008 we developed DEI's Safety Behavior Standards (SBS) and launched them at our annual safety-training workshop in Houston. These standards describe behaviors—both positive and negative—that either support or undermine our strong safety culture, and are characteristic of the most effective executives, managers, supervisors and employees. These standards help us develop a successful and engaged workforce that understands which negative behaviors must be avoided and which positive ones should be emphasized to improve our safety culture.

DEI's SBS have main four theme —safety performance, communication, risk management and engagement. For each theme, distinct and specific behaviors are expected of executives, managers, supervisors and all employees, including contractors.

To establish a successful program, several aspects that influence safety behaviors have to be considered, including values and attitudes (e.g. attitude to risk-taking), Management Systems (e.g. whether procedures are usable and up to date), and organizational values (e.g. how production vs. safety conflicts are managed). DEI SBS Gap Analysis methodology helps business units analyze gaps between what is described in the SBS and what happens in practice. This methodology seeks to capture the views of the entire workforce about how often the behaviors described in the standards are performed. We conducted our first SBS Gap Analysis from September to December 2008, to establish the extent to which we meet the standards in each specific location or facility.

DEI SBS Gap Analysis results were examined to identify:

- Which behaviors are clearly strengths (are often or always performed.)
- Where the gaps exist (behaviors that are sometimes, seldom or never performed.)

Stemming from the gap analysis results, clear and measurable action plans were developed for each facility (including the development of the behavior toolkit) to reinforce our zero injury safety culture, close the gaps and encourage positive safety behaviors. With these activities we expect to achieve our goal of "zero injuries, zero work-related illnesses."

DEI EHS Compliance Guidelines

In addition to the EHS Management System, we developed a comprehensive EHS compliance program, consisting of 66 guidelines to address a full range of EHS hazards and risks associated with business operations and activities. Each guideline provides specific technical information to control and reduce potential areas of EHS risk within our operating companies.

The guidelines also introduce global consistency in how (e.g., procedures and practices) we manage EHS risk. The guidelines are not intended to replace local EHS regulations, but to supplement regulatory requirements and provide specific methods of compliance. They are based on criteria mostly from U.S. regulations; however, other sources were also used to develop them. For example, regulations from other countries (Australia, Brazil, EU), international Management System standards (ISO 14001, BS 8800), industry and trade association standards/guidelines (NFPA, ANSI), and other multi-national company EHS guidance were reviewed and relevant concepts adopted in development of the guidelines as best management practices techniques.

Theme	All Employees	Supervisors	Managers	Executives
Safety Performance	Deliver Safety Excellence	Ensure Safety Excellence	Set High Safety Expectations	Set the Vision
Communication	Tell Me	Encourage the Team	Communicate Openly	Provide Clarity
Risk Management	Be Alert	Promote Risk Awareness	Confront Risk	Manage Risk
Engagement	Get Engaged	Engage the Team	Engage Workforce	Engage the Organization

DEI Safety Behavior Standards—Interdependence of Behaviors

Organizational Responsibility for Health and Safety

As part of the business planning phase of the EHS Management System, roles, responsibilities and accountabilities are defined to ensure effective implementation. The following EHS Management Systems standards define in detail EHS roles, responsibilities and accountabilities:

- Hold employees at all levels accountable for achieving EHS performance expectations, and reinforce that complying with applicable EHS requirements is a condition of employment.
- Define and communicate clear EHS roles, responsibilities and authorities for employees, including managing risks and opportunities, identifying hazards and preventing incidents.
- Identify training needs considering EHS roles and responsibilities and the potential impact of work activities.
- Provide EHS training at the appropriate frequency and track completion.
- Include EHS performance in reviewing overall employee performance and providing recognition.

Our EHS Management System has guidelines for ensuring operations meet these standards. These guidelines require businesses to assign clear roles and responsibilities to employees so that all EHS hazards and risks are understood and managed appropriately. Employees with EHS roles and responsibilities are trained in what their roles and responsibilities are and how to best meet them. These guidelines are:

- *Roles, Responsibilities and Accountabilities Guideline*, holds all employees accountable for improving EHS performance; defines management's and employees' roles, responsibilities and authorities, and reinforces employee accountability through the performance appraisal process.
- *Training and Awareness Guideline*, requires an effective EHS training and awareness program, identifying EHS training needs, developing formal training programs, evaluating the effectiveness of training, and maintaining the training documentation.
- *EHS Award Program Guideline,* provides ways that EHS successes can be communicated and rewarded.

DEI Safety Vision Logo in Spanish, English and Portuguese

EHS Performance Measurement

The measurement phase of the EHS Management System determines how successfully business plans are being implemented. Goals and targets need to be developed so that performance over time can be evaluated and continuously improved. How well goals and targets are being achieved must be monitored periodically to measure performance and, when necessary, to identify corrective and preventive actions and improvement opportunities when performance does not meet our expectations.

Monitoring and measuring performance is important to our EHS Management System and necessary for assessing if EHS goals and targets are being achieved. We have established guidelines for ensuring that EHS goals and targets are developed and performance against them measured with the overall objective of continuously improving performance:

- *Setting Goals and Targets Guideline*, describes the necessary steps for developing EHS goals and targets, preparing action plans for achieving the goals and targets, communicating goals and targets and the progress in achieving them, and ensuring that goals and targets are considered during short- and long-term planning.
- *Monitoring and Measuring Performance Guideline,* contains the minimum requirements for establishing and implementing a program for monitoring and measuring performance, such as identifying operations and activities that should be periodically monitored and/or measured, developing monitoring and measuring procedures, compiling results and reporting EHS performance.

Safety

Safety is foremost to our labor practices. To measure safety performance, we use two broadly classed indicators: "lagging" and "leading." The distinction between the two refers to the order in which events take place. A leading indicator precedes an event, while a lagging indicator follows an event. The goal is to understand the causal relationship between leading and lagging indicators such that leading indicators provide valid predictions of lagging indicators.

Lagging Indicators

We had, until recently, mainly measured lagging indicators—most commonly used by the electric generation industry—to evaluate safety performance. Two key lagging indicators, Total Incident Case Rate (TICR) and Lost Workday Case Rate (LWCR), have been measured the longest, and DEI establishes TICR and LWCR goals annually. Other lagging indicators, such as first-aid and vehicle incidents, and fires and explosions are measured also; however, DEI has not established specific targets for these indicators.

Lagging indicators are usually readily quantifiable and understandable, clear advantages, but they lag or reflect situations where corrective action can only be taken afterwards. Thus, they often incur some type of cost, whether it be in fines or decreased credibility with regulatory agencies and/or the public.

Leading Indicators

We have made a conscious effort to improve our safety performance by establishing leading indicators; that is, indicators that measure the implementation of practices or measures which are expected to lead to improved safety performance. Poor performance in meeting leading indicators can be addressed before negative safety performance events (e.g., injuries, incidents, etc.) are realized. Training completion percentage was the first leading indicator to be measured in 2006. DEI expanded the use of leading indicators in 2008 by including percentage of safety inspections conducted and related action items closed on time per quarter, percentage of pre-job hazard analysis (PJHAs) conducted per month, and percentage of risk assessments conducted per quarter.

Total Incident Case Rate

The TICR represents the number of recordable injuries and illnesses per 200,000 hours worked. We determine this value based on Occupational Safety and Health Administration (OSHA) recordkeeping and reporting guidelines. Safety and health regulations in each country may consider an incident recordable while another country may not; therefore, we use OSHA standards to normalize our incident reporting. Furthermore, we can compare our performance to U.S.-based companies operating in the same industry. We have established very aggressive TICR targets from 2003 onward. Since 2003, our TICR has consistently shown a positive trend.

Lost Workday Case Rate

Restricted and lost workdays are monitored and recorded according to OSHA requirements and represents the number of incidents per 200,000 hours worked in which an employee was away from work because of an occupational injury or illness. We have met our LWCR target each year, except for 2006. As with our TICR, the LWCR has been trending downward.

Safety Culture and Team Work, DEI Argentina

How Does DEI Compare to the U.S.?

The U.S. Department of Labor (DOL) tracks the incident rates (based on OSHA incident reporting requirements) of occupational injuries and illness by industry sectors. Since DEI produces electricity by hydroelectric and fossil fuel plants, we would be grouped in the electric power generation industry. We have outperformed the average incident rate of U.S. companies in the same industrial sector, indicating that our health and safety programs have been implemented effectively and employees are working towards a Zero Injury Culture.

DEI Considers Contractor Safety a Performance Priority

We supplement our workforce through contractors and subcontractors, which are hired mostly for construction and maintenance. Thus, EHS performance of contractors affects us. By the nature of this work, contractors and subcontractors may be exposed to a higher-level of risk for occupational injuries and illnesses. Ensuring that contractor risks are managed appropriately is a complex process, requiring coordination and cooperation among various functions within DEI.

We have developed and implemented policies and programs to manage contractors' on-site activities, with the goal of continuously improving safety performance and implementing an integrated approach to promote this commitment. We formalized our contractor safety program in 2002 by developing our Contractor Safety Guideline. Moreover, we have consistently looked to improve contractor safety performance, and often monitor work activities and track potential causes for incidents, such as injuries, illnesses, environmental releases, etc.

To support these objectives we developed a Contractor EHS Management Policy. Under this policy, safety is always the first consideration of any assignment, and is not optional; employees and contractors must apply safe work practices to their activities and exercise good judgment. Business units are expected to identify and mitigate contractor-related EHS risks that affect our employees, operations, facilities and equipment through conformance with this policy.

Moreover, we have developed a Contractor EHS Manual, designed to provide contractors with the overall EHS requirements for work conducted at our facilities. The procedures in this manual apply to all contractors who perform work at DEI sites. The manual contains our contractor EHS Management Policy, DEI and contractors responsibilities, and safety and environmental procedures.

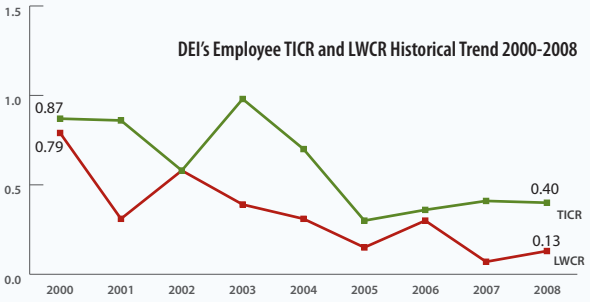
Contractor TICR and LWCR data has been tracked since 2003. This data is displayed on page 57.

We have invested heavily in developing and implementing our Contractor Safety Program since 2002, with the goal of instilling the same Zero-Injury culture in our contractors as in our employees. Through this training we are not only improving our contractor safety performance but also transferring knowledge that benefits the entire community, since it can be applied to protect workers and their families when performing work at home or other locations.

Safe Work Practices, Carhuaquero Hydroelectric facility, Peru

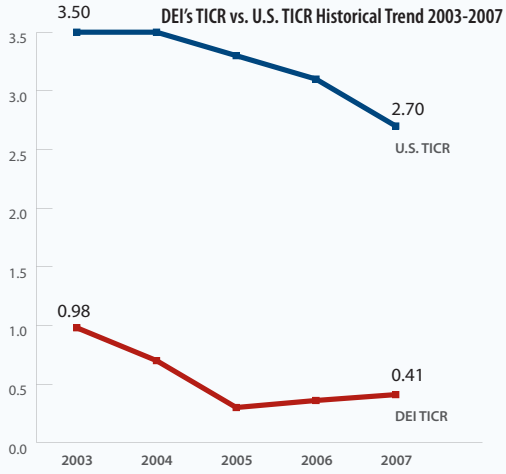
Safety Highlights

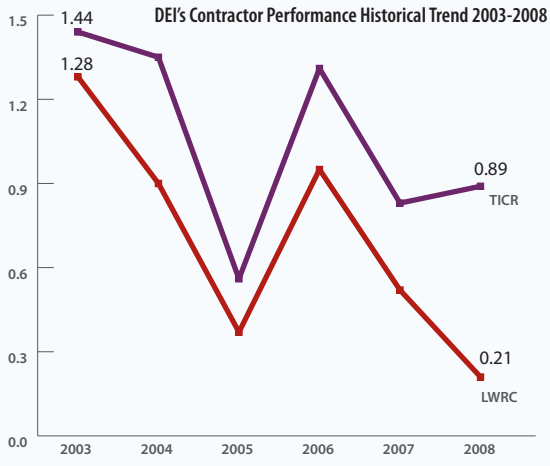
DEI's Employee TICR and LWCR	2007	2008
Total No. of Incidents	6	6
Total No. of Lost Workday Cases	1	2
TICR	0.4	0.4
LWCR	0.07	0.13



DEI's Employees H&S Indicators by Country through December 31, 2008								
Country/ Business Unit	**Argentina**	**Brazil**	**Ecuador**	**El Salvador**	**Guatemala**	**Peru Aguaytia**	**Peru Egenor**	**DEI Total**
TICR	1.17	0.00	0.00	0.41	0.35	0.00	0.77	0.40
TICR Target	1.40	0.20	0.78	0.44	0.43	1.84	1.20	
LWCR	1.17	0.00	0.00	0.00	0.00	0.00	0.00	0.13
LWCR Target	1.40	0.20	0.78	0.44	0.43	1.84	0.40	
Fatalities	0	0	0	0	0	0	0	0
Lost Workday Cases	1	0	0	0	0	0	0	1
Restricted Workday Cases	0	0	0	1	0	0	0	1
Other Recordable Incidents	0	0	0	0	1	0	2	3

DEI's Contractors H&S Indicators by Country through December 31, 2008								
Country/ Business Unit	**Argentina**	**Brazil**	**Ecuador**	**El Salvador**	**Guatemala**	**Peru Aguaytia**	**Peru Egenor**	**DEI Total**
TICR	2.13	0.18	0.00	0.00	2.96	0.00	0.52	0.89
TICR Target	1.40	0.20	1.40	0.83	0.70	0.22	1.08	
LWCR	1.07	0.18	0.00	0.00	0.25	0.00	0.26	0.21
LWCR Target	1.40	0.20	1.40	0.83	0.70	0.22	0.54	
Fatalities	0	0	0	0	0	0	0	0
Lost Workday Cases	1	1	0	0	1	0	1	4
Restricted Workday Cases	0	0	0	0	8	0	0	8
Other Recordable Incidents	1	0	0	0	3	0	1	5





Safety is part of our normal work activities, Cañon del Pato Hydroelectric facility, Peru.

DEI Brazil and DEI Argentina Focus on Improving Contractor Safety Performance

DEI Brazil and DEI Argentina took on the challenge of improving contractor safety performance, and our contractors supported this effort. Key initiatives in 2008 included:

- Monitoring and inspecting contractors to ensure appropriate EHS practices were in place.
- Visiting contractor offices to evaluate EHS performance at their offices and work locations.
- Promoting meetings between contractor company owners and DEI contract managers and the vice president to foster an open relationship and open communication channels.
- Recognizing contractor companies that exhibit good EHS performance.

We are looking forward to seeing how contractor companies and their employees respond to these initiatives, and how they affect contractor safety performance.

Health

We have implemented various education, training, counseling and risk-control programs to assist our workforce. The following case studies demonstrate some of our efforts:

DEI Guatemala Sponsors the Perfect Day Program

This program encourages the participation of all employees to report unsafe conditions and to promptly follow up with corrective actions. In March 2008, the Perfect Day Program Award Ceremony for 2007 took place and recognized the Las Palmas plant for the best overall improvement rating for 2007. The Perfect Day was initiated as a pilot program in Guatemala and after proving its effectiveness there was implemented in El Salvador. Other business units have shown interest in implementing the program as part of the efforts to enhance our safety culture.

DEI El Salvador Vaccination Programs

These programs covered all DEI El Salvador employees and were conducted in June 2008 at DEI El Salvador's plants and administrative offices. The vaccination programs were preceded by educational seminars as well as general medical evaluations for personnel at the electricity generation plants. A total of 213 flu vaccinations and 280 Hepatitis B vaccinations were administered on a voluntary basis. This program is part of our efforts to promote a healthy and safe work environment for employees.

DEI Egenor Peru—Occupational Preventive Care

Between August 25 and September 5, 2008, health exams were performed on all DEI Egenor employees in coordination with the EHS Department. The exams were conducted by Cardioclinic, which specializes in occupational health. This practice promotes preventative health care and well being of all DEI Egenor employees.

DEI Electroquil Ecuador—EHS Employee of the Month

Electroquil recognizes the employee who, during the month, has found and corrected an EHS issue or who has significantly improved the plant regarding safety conditions. The employee is awarded a certificate and a bonus. The employee nominating the recognized employee also receives recognition.

Labor Practices

Today's energy industry is facing unprecedented change and responding to numerous issues in the public spotlight, from climate change to energy efficiency to a secure and sustainable fuel supply.

A successful business like ours depends on a diversity of people, ideas and talents, a strong team of capable people committed to maintaining our reputation as an industry leader in Latin America, and a reputation for operational excellence and customer service.

As stated in the Operating Principles, we strive for a high-performance culture in which both the company and employees reach their full potential by maintaining a healthy and safe work environment, maintaining open, honest and frequent communication; embracing and understanding cultural differences, backgrounds and experiences; conducting business ethically and with the highest integrity; providing opportunities for creativity and initiative; and implementing training programs.

Code of Business Ethics

The Duke Energy Code of Business Ethics (CoBE) focuses the organization on areas of ethical risk, helps to recognize and deal with ethical issues, describes mechanisms to report unethical conduct and helps foster a culture of integrity and accountability. This code applies to Duke Energy, its subsidiaries and its affiliates. Contractors, suppliers and vendors are expected to support effective compliance programs within their own organizations.

Labor Policies

The following key Human Resources policies summarize our philosophy and expectations regarding labor practices:

Affirmative Action and Equal Opportunity Employment	We comply with all applicable country and local laws, regulations and ordinances prohibiting discrimination in places where we operate. We make every good faith effort to ensure this policy is implemented in all personnel decisions.
Diversity and Inclusion	This policy outlines our commitment to creating and maintaining a diverse and inclusive workforce, and doing business with diverse suppliers. Diversity embodies all the differences: life experiences, work experiences, perspectives, cultures, race, gender, sexual orientation, religion, national origin, age or disability. Inclusion entails building an environment in which employee differences are valued, employees are empowered and diverse DEI communities are connected across the enterprise.
Workforce Development	This policy establishes our commitment to employee development, workforce planning, and succession planning. We recognize the contributions of every individual, and that workforce capabilities and talents are critical to success.
Worklife	This policy sets forth our commitment to WorkLife balance to the extent permitted by business needs. We understand that part of being a productive, successful employee is finding the appropriate balance between priorities at work and home, and in our communities.
Open Door	This policy establishes our intent to provide an environment with unrestricted access to management, in which employees feel free to raise work-related concerns to their supervisors or others without fear of intimidation or retaliation.
Personal Information Privacy	This policy is designed to support our business values as we seek to be a leader in considering and addressing privacy-related concerns of customers, employees and shareholder.
Alcohol and Drug Free Workplace	Our employees are expected to report for work and remain at work in a condition free of the effects of alcohol or drugs. Alcohol or drug use affecting job performance, corporate reputation, corporate assets, or the safety of employees or the public is not tolerated.
Harassment Policy	This policy establishes our commitment to provide a workplace free of harassment, and for appropriate action to be taken if harassment occurs. We will maintain a work environment in which employees can perform their responsibilities without being harassed by any other employee, contractor, customer, vendor or visitor. Harassment is defined as any action that singles out an employee, to the employee's objection or detriment, because of race, sex, sexual orientation, religion, national origin, ethnicity, citizenship, age, marital status, and disability.
Corrective Action	All employees are expected to conform to established standards of ethical conduct such as honesty, trustworthiness, dependability and professionalism. Inappropriate conduct will be addressed through corrective actions, up to and including termination from employment.
General Workplace Security	We are committed to operating safely. It is our intent to maintain a secure work environment free from intimidation, threats, or violent acts.

Employee Opinion Survey

Since 2000, we have conducted Employee Opinion Surveys (EOS), a common practice in DEI, to "take the pulse" of the workforce regularly.

The EOS provides a snapshot of employee attitudes, and as such is useful in determining whether senior managers are aware of issues affecting the engagement of employees in accomplishing business strategies.

We conduct an all-employee survey every other year (last doing so in 2007). In other years, business unit leaders decide whether to have a full survey or random sample. Since 2008 was an interim survey year, the survey randomly sampled employees in our business units in the various countries.

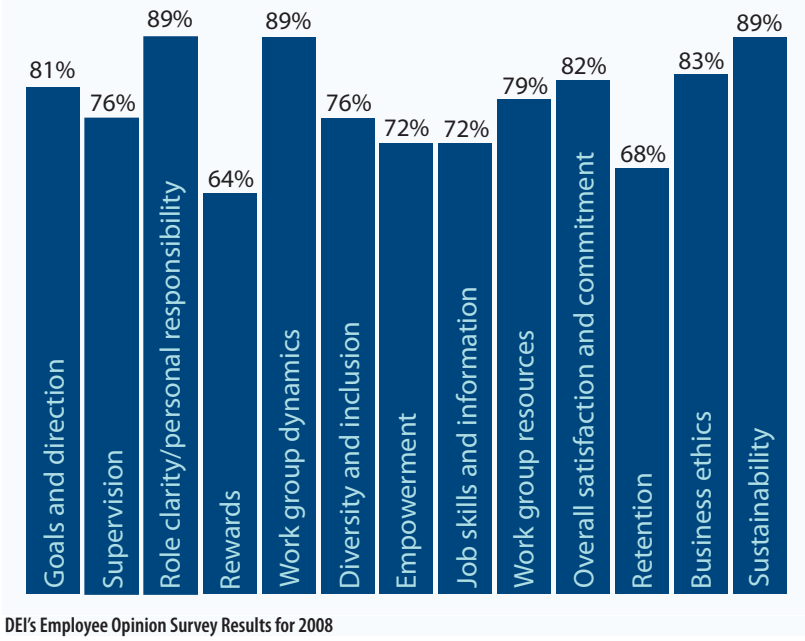
The figure below summarizes DEI's employee positive perception to each of the categories.

Survey results are shared with both managers and employees. Managers review the data, identify actions to address concerns and update employees on next steps. Every employee is encouraged to review the survey results.

The survey questions are categorized into 13 broad areas:

- Goals and direction
- Supervision
- Role clarity/personal responsibility
- Rewards
- Work group dynamics
- Diversity and inclusion
- Empowerment
- Job skills and information
- Work group resources
- Overall satisfaction and commitment
- Retention
- Business ethics
- Sustainability

The sustainability category was included for the first time in 2008. Under this category the statement, "Duke Energy works hard to strike the right balance between economic, environmental and social consideration," received an 89 percent positive response from our employees.



DEI's Employee Opinion Survey Results for 2008

Diversity

Our operations are in all corners of Latin America, which, in and of itself, provide us with the opportunities to work with a diverse group of people. With opportunities also come challenges, and we are committed, as part of our charter and values, to creating and maintaining a diverse and inclusive workforce, and doing business with diverse suppliers.

Diversity embodies all the differences — life experiences, work experiences, perspectives, cultures, race, gender, sexual orientation, religion, national origin, age or disability. Inclusion entails building an environment where employee differences are valued, employees are empowered and diverse Duke Energy communities are connected.

An inclusive environment encourages all employees to contribute their unique perspectives and capabilities, and fully engages a diverse workforce in achieving superior business results. Inclusion fosters trust, the cornerstone for risking new ideas and fostering a sense of accomplishment—powerful motivators that draw out each person's best performance. It also creates the environment where "every employee can start each day with a sense of purpose and end each day with a sense of accomplishment."

Additionally, we support the win-win relationships that a strong supplier diversity program fosters within the communities we serve.

Our diversity and inclusion policies embody the following:

- "Respect for the Individual" is fundamental to building a high-performance team. All employees share the responsibility for creating a workplace that values and respects diversity and inclusion—enhanced by openness, sharing, trust, teamwork and involvement.

- "Win-win relationships" are essential to restoring credibility and earning the trust of employees, customers, suppliers and communities. We demonstrate inclusion in our procurement practices when we provide opportunities for diverse and small businesses to provide goods and services to the company.

Accountability and responsibility for ensuring that this policy is understood and implemented across our company rests with the highest organizational levels: The chief human resources officer is responsible for ensuring enterprise-wide implementation of the diversity and inclusion policies and associated initiatives. Groups which exist to champion and further diversity performance will coordinate and align efforts with this officer.

Management at all levels ensure that employee differences are respected and valued in the workplace, DEI inclusive behaviors are personally demonstrated, and opportunities are sought to do business with diverse companies.

Training and Education

Our training programs extend from upper management to employees in the field—every DEI employee is considered an integral part of the organization and necessary for continuous improvement in all aspects of business. We use many of the traditional methods for training employees, such as classroom-style and on-the-job, as well conferences and workshops both for having employees in one country train those in other countries and for transferring good practices across the organization.

One good example of making sure everyone receives training is at Termoselva—Aguaytia Energy facilities, located in the heart of Peru. This remote area of the Peruvian Amazon Jungle is near the town of Aguaytia, the capital of the province Padre Abad, in the Ucayali region. Because of its location, employees at Termoselva—Aguaytia Energy do not receive the same exposure to EHS education and training as those at other of our facilities. To address this issue, we successfully provided online training to all of Aguaytia Energy employees, and all passed the training exams.

Examples of ongoing training programs throughout DEI include:

- Operations Safety Leaders Workshop.
- Contractor's Safety Workshop.
- Safety Behavior Standards "Train-the-Trainers" Workshop.
- Professional and personal development training.

Training Performance Metrics

In 2008, we established a leading indicator for measuring how well our employees have completed the required amount of safety training as prescribed in compliance guidelines. Training attendance has been tracked for several years; however, this will be the first time that a training target (i.e., 90 percent) had been established by which to measure each country. "Successfully" completing a safety meeting or training topic means an employee was present throughout the meeting or session, completed the hours required for a particular topic, and/or passed the test or exam.

Huaraz Community, Peru

Our overall performance exceeded the expected target of 90 percent. We have developed corrective and preventive action plans to address incidents when regions failed to meet the established target.

In addition, we deliver training focused on the needs of each country. In September 2008, DEI El Salvador's managers and supervisors were trained in Salvadorian Environmental Law applicable to the operations of this business unit. An environmental expert in the topic provided the training. Participants were trained in the content and priority of environmental law in El Salvador, as well as international environmental conventions applicable to our operations.

In 2008, DEI's average hours of training per year per employee was 37.

Career and Professional Development

Developing a talented pool of people is critical for us to achieve our goal of a quality workforce and continue to be the employer of choice in the countries where we operate. All employees are included in a performance appraisal process, which, among other things, evaluates employees' safety performance and helps identify areas for improvement.

Personal Development Program

Over two and a half days in May, all DEI Argentina employees took part in a learning and interactive experience outside the company to:

- Optimize and strengthen communication and leadership skills.
- Maximize capabilities.
- Create opportunities for personal growth within the organization.
- Strengthen and improve their performance through compliance with individual goals, which are aligned with the strategic objectives of the company.

This program was carried out within the framework of the Personal Development Program, and considered the results of the 360 evaluation of the employees in 2007.

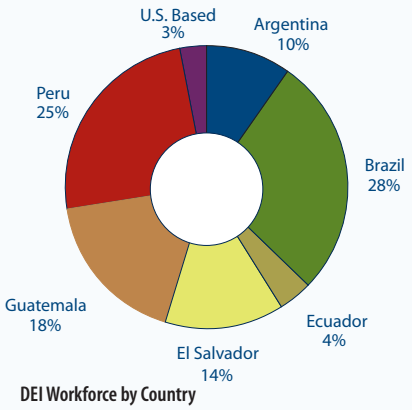
Throughout all the countries, similar programs were developed to ensure that employees have individual goals aligned with those of the Business Units. DEI's core competencies are the basis for employee evaluations, leading to development plans specific to each individual's needs.

100 percent of DEI's employees in all Business Units receive regular performance and career development reviews.

Personal Development Program, DEI Argentina

Workforce Highlights

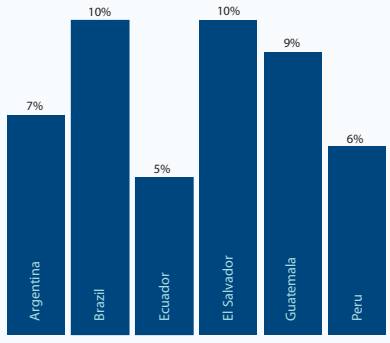
DEI Total Workforce	2007	2008
Argentina	104	110
Brazil	293	308
Ecuador	39	42
El Salvador	149	159
Guatemala	162	197
Peru	307	274
U.S. Based	26	28
Total	**1,080**	**1,118**



DEI Workforce by Country

Employee Turnover*	2008
Argentina	7.20%
Brazil	10.30%
Ecuador	4.80%
El Salvador	10.00%
Guatemala	9.30%
Peru	6.30%

*** Turnover as percentage of workforce**



DEI Turnover by Country

Demographics*	#	%
Gender		
Men	893	86%
Woman	145	14%
Age		
Up to 25 years old	83	8%
From 26 to 35 years old	298	29%
From 36 to 45 years old	332	32%
Above 46 years old	325	31%
Years of service		
Up to 10 years	761	73%
From 11 to 20 years	144	14%
Above 21 years	133	13%
Job classification		
Managerial	121	12%
Supervision	135	13%
Technician	339	33%
Operational	443	43%
Union representation		
Unionized employees	284	27%
No Unionized employees	754	73%
Educational level		
Junior High	41	4%
High school	392	38%
College	448	43%
Technician	85	8%
Post-graduation / MBA	72	7%

***Does not include Peru Aguaytia and DEI Corporate Headquarters**

Successful Completion of H&S Training by Employees		
Country / Business Unit	**2007**	**2008***
Argentina	89%	98%
Brazil	97%	99%
Ecuador	88%	84%
El Salvador	90%	91%
Guatemala	94%	97%
Peru Aguaytia	98%	94%
Peru Egenor	95%	96%
Total DEI	**94%**	**93%**

*** Target 90%**

Human Rights

We do not discriminate against any employee or applicant for employment because of race, color, sex, religion, national origin, ethnicity, citizenship, sexual orientation, age, marital status, disability, status as a Vietnam Era or disabled veteran. We also comply with all applicable country and local laws, regulations and ordinances prohibiting discrimination in places where we operate. We will make every good faith effort to ensure our policy concerning equal employment opportunity is implemented in all personnel decisions.

Harassment

We define harassment as any action that singles out an employee, to the employee's objection or detriment, because of race, sex, sexual orientation, religion, national origin, ethnicity, citizenship, age, marital status, disability, status as a Vietnam Era or disabled veteran. We also comply with country and local laws, regulations and ordinances prohibiting discrimination in places where we operate. Our harassment policy addresses behaviors or activities that might constitute harassment:

- Verbal or non-verbal threats, insults abuse or ridicule (sexual or otherwise.)
- Unnecessary or offensive physical contact.
- Possessing, displaying, or distributing pornographic or offensive materials.
- Attempted or actual intimate physical contact.
- Requesting or demanding favors (sexual or otherwise), explicitly or implicitly, as a condition of employment, promotion, transfer, or any other personnel action.
- Physical conduct such as assault or blocking normal movement.

We encourage employees to promptly report possible harassment to their immediate supervisor, another manager, or Human Resources, or if they are uncomfortable reporting such matters to these parties, they may also use the external, anonymous EthicsLine.

Where investigation confirms harassment occurred, the party committing the harassment will incur discipline up to and including employment termination. We forbid retaliation against employees for their actions in bringing harassment or other concerns to management or country and local regulatory agencies. Retaliation is also forbidden against employees for their participation in harassment investigations or resolutions. Persons found to have committed such retaliation will incur discipline up to and including employment termination.

During 2008, DEI did not register any incidents of discrimination.

Indigenous People

Indigenous people (also referred to as aboriginal, first nation, native or tribal people) are groups with a social and cultural identity distinct from the dominant national society who have at times suffered negative consequences due to development of natural resources (logging, mining, exploration and production) in their traditional lands by others. Impacts have included loss of land, spread of diseases for which indigenous people lack immunity, environmental damage and disruption of traditional social structures.

Our commitment to respecting the culture, values, and environments of indigenous peoples in the places we do business is described in the Indigenous People Policy. This commitment is fulfilled by focusing on the following aspects:

- Acknowledge and respect the cultural uniqueness of indigenous people.
- Seek to understand and respond to indigenous people and other local populations' expectations and concerns.
- Minimize (to the extent practicable) or otherwise mitigate adverse impacts of development on indigenous people.
- Be a responsible corporate citizen.

To grasp the extent of the impacts and make informed decisions we conduct social impact assessments as part or in addition to the environmental impact assessments.

DEI did not register any incidents of violations involving rights of indigenous people during 2008.

Society

The Environmental and Social Impact Assessment Process

Whenever we build a new power plant or hydroelectric plant or significantly change our operations such that it may impact the surrounding community, we conduct environmental impact assessments (EIAs). These assessments ensure that DEI considers the ensuing environmental and social impacts when deciding whether to proceed with the project.

DEI must conduct EIAs in all the countries where it operates or plans to develop a new project. Guidelines for conducting EIAs are rigorous and are based on either country-specific

regulatory requirements or on standards promulgated by institutions providing necessary funding, such as the World Bank. Many countries base their requirements on the World Bank standards.

As mentioned, the EIA considers both environmental and social impacts of a project. The social component:

- Analyzes how projects may affect people.
- Identifies and mitigates any adverse impacts.
- Enhances benefits a project may bring to a community.
- Helps to effectively manage change to the community brought on by the project.

Social impacts of a new project may result from changes in:

- Demographics, such as population size and composition.
- Economics of a community (e.g., employment and income).
- Environmental issues, such as those associated with air and water quality.
- Laws, regulations, administration, etc., of a community.

The EIA identifies social impacts that affect lifestyle, culture, community (e.g., infrastructure, services, and networks), quality of life, and health (e.g., mental and physical well being). It can be lengthy (i.e., lasting up to a year or even more) and requires an extensive allocation of resources, not just financial but time and effort. This, however, does not affect our goal of conducting the best EIA possible, since the objective is to ensure sustainability, which leads to a better life for everyone involved.

EIA Conducted in 2008

We had a busy "project development" year in 2008—for very new project or business concepts that may affect the environment or surrounding community, an EIA needs to be conducted. We performed three EIAs for significant projects to increase our electrical generating capacity. The additional electrical generating ability could exceed 380 MW, just under an 8.5 percent increase in our overall capacity. These EIAs are described below:

- EIA for the Las Palmas II Coal-fired Power Facility, with a generating capacity of 85 MW, was submitted to the Ministry of Environment and Natural Resources of Guatemala (MARN in Spanish) on January 16, 2008, and approved on July 04, 2008.
- EIA for the Las Flores Simple Cycle Natural Gas Turbine with a generating capacity of 195 MW, located in Chilca, Peru, was submitted at the beginning of 2008 and approved by the Ministry of Energy and Mines of Peru on August 29, 2008.
- EIA at Aguaytia for the conversion from simple to combined cycle natural gas turbines with an increased capacity of 100 MW was submitted for approval to the Ministry of Energy and Mines of Peru on April 15, 2008.

Two of the EIAs were approved within seven months, a tremendous feat given how long the approval process typically takes.

Community Support

DEI is a diverse company, operating in six Latin America countries, each with its own cultures, beliefs, values, goals, and attitudes. A common thread through each is our willingness to give our time and money to make communities better and improve their quality of life.

We are dedicated to building strong communities, since our success is linked to the health and prosperity of the communities we serve. The goals that have been set to accomplish this include stimulating economic growth, investing in community programs, implementing tools that will support a community's long-term planning, increasing spending with diverse suppliers, and implementing initiatives to support public safety.

During 2008, 680 employees took part in DEI's Volunteerism Program, investing a total of 4,020 hours of community service.

Volunteerism Program, DEI Guatemala

How We Volunteer

Employees and their families volunteer to help strengthen communities. They identify needs in their own communities and provide leadership—from volunteer recruitment to project management. While employees and their families provide ideas, hard work, and time, we support these activities financially by investing in community programs. This volunteering "spirit," backed by financial investment, has supported nearby communities and schools, and helped provide memorable events to those less fortunate.

One example is the "Year Round Swimming Pool" project, implemented by the Association of Parents of Children with Cerebral Palsy of Neuquen, Argentina. This project stemmed from the initiative of three DEI Argentina employees, who collaborated with the association to provide a day center with a new swimming pool. The efforts and commitment of these three volunteers, as well as the financing provided through the DEI Safety Fund, made this project a reality.

Employees from DEI Egenor Lima's office helped construct a children's park and a community center in Chilca, south of Lima, where the Las Flores thermoelectric plant will soon be constructed. The residents of the San José settlement now have playground equipment for the children in the area, as well as a furnished community center or social activities. This project benefits more than 200 children. In Trujillo, Peru, volunteers constructed sidewalks in the urban area where one of our plants was located as well as performing cleaning and weeding activities. Employees from Chiclayo and Chimbote traveled to Trujillo to perform this work.

Some 100 volunteers in Guatemala, including our employees and family members, reforested areas along 64.5 kilometers of the Puerto Quetzal Highway by planting 500 "Matilisguate" trees. This activity raised awareness among the DEI family about business social responsibility and the importance of caring for the environment. The activity was coordinated with the Ministry of the Environment and Natural Resources of Guatemala, Escuintla Delegation, the Fire Department of Puerto San Jose and the Highway Patrol.

Children Are Our Future

Cañon del Pato hydroelectric plant volunteers repaired and painted classrooms, the main patio, and exterior rooms at the Huallanca Technical School, a few meters from DEI Egenor's administrative offices and maintenance shops.

This project, held in late June, early July, was part of "Dia de Accion Responsable" (DAR), or Responsible Action Day in English. DAR is part of the Global Service Event (GSE) initiative that Duke Energy Corporation has conducted for nearly 10 years and which has sought to make our communities better places to live.

In Carhuaquero, Peru, more than 30 DEI Egenor employees constructed sanitary facilities for over 300 students at the La Ramada School in Carhuaquero.

DEI El Salvador carried out "Volunteer Day" at a special education school in Acajutla, located near the Acajutla plant in the state of Sonsonate. This school cares for more than 60 children with special needs, including children with Down's syndrome and speech problems. Sixty-five DEI El Salvador employees as well as 43 community members and teachers helped repair and paint the roof and playground equipment, repair bathroom pipes, upgrade electrical installations, and cut the grass in the garden areas. Thus, one of our Operating Principles— "we will get personally involved in the communities where we work" —was put into practice.

Volunteerism Program, DEI Argentina

Creating Future Leaders

One of the best ways to give back to communities is through education and training—the fundamental building blocks for helping communities prepare for future challenges and opportunities. Most individuals that receive financial support to pursue their dreams of being doctors, engineers, farmers, etc., will return back to their communities to help improve their standard of living and way of life. Notable education and training activities include:

- Helping over 200 teenagers in various Brazilian communities become more involved in agriculture and cultivation of the nearby native forests, and providing environmental training to over 700 community educators.
- Training and educating 10 students from technical schools in the Province of Neuquen in Argentina in the operation and maintenance of thermoelectric and hydroelectric power plants by DEI Argentina employees, and providing hands-on work experience in the electricity generation industry ("Generar, Escuela de Operaciones" program).
- Providing students from the Luiz Meneghel Foundation in Bandeirantes, Brazil, access to the SAG hydrobiology and aquiculture station and its facilities, where students take biology, agronomy, and veterinary classes as well as conduct practical experiments with fish native to the area.
- Supporting Young Businessmen of El Salvador, a program that gives children and teenagers practical experience in how businesses operate and managing their own businesses, as well as provides the foundation to become young leaders in their communities.

Supporting Public Services

Donations by all regions to public service organizations and agencies, such as fire departments, police departments and libraries, have been a cornerstone of DEI's community support. Donations have been made to:

- Public schools, to upgrade and furnish schools; help students purchase necessary books, supplies, musical instruments, and uniforms; help feed students; and support extracurricular activities.
- Medical services, to provide supplies to emergency clinics and hospitals, rehabilitation services and physical therapy, sponsorships to medical clinic rotations, and cancer treatment to children.
- Shelters and orphanages, to support their operations and help provide food.
- Sporting associations, to purchase uniforms, and provide accommodations and sporting facilities.
- Emergency organizations, to purchase necessary equipment and supplies for fire departments.

Children's Park, DEI Egenor, Peru

Helping Communities Help Themselves

DEI Peru - Aguaytia is working with the surrounding community to elevate the standard of living in the Amazon Province of Padre Abad. This includes helping local farmers increase production of key crops through alternative methods by promoting production of: Noni in Las Mercedes and Bello Horizonte; high-quality cocoa in Huipoca, Irazola and Curimana; sugar cane (ecological sugar and raw sugar) in Bello Horizonte; Palm Oil in Eje Neshuya Curimana; and pork in San Jose, Zorrillos, Las Mercedes and Bello Horizonte.

Also, we help develop fisheries in the Curimana district, reactivate the fishery industry in the Manantay district, and produce Amazon species hatchings in the Padre Abad District.

Proyecto Dino—Cultural and Scientific Heritage Site

We are a major sponsor of "Proyecto Dino," the biggest paleontological dinosaur site in Argentina and the only dinosaur excavation site open to the public in South America. Doing

so, we further our commitment to support the well being and development of the surrounding communities. This is a valuable paleontological discovery that offers incredible scientific and educational potential for the region. The project started in January 2002, led by paleontologists Jorge Calvo. Initially the project's objective was to extract a giant dinosaur, but as excavations started fossil pieces from plants and vertebrates representing an entire ecosystem from the Cretaceous Age were found. This gave origin to the Centro Paleontologico Lago Barreales (Cepalb), the first paleontological center dedicated to education and tourism in Argentina.

Proyecto Dino and Cepalb are prototype sites that offer the material for the paleontological study, education and tourism of unparalleled value worldwide, and were declared natural reserves by the Neuquen Province. Proyecto Dino has become a new center of economic development for the region. The project now has a team of 19 people, and so far, more that 40,000 people from 21 countries have visited the site.

Anti-corruption Practices

Duke Energy's CoBE, which applies to DEI, describes ethical standards for employees, helps recognize and deal with ethical issues, and explains how to report unethical conduct and foster a culture of integrity and accountability. Contractors, suppliers and vendors are expected to support effective compliance programs within their own organizations. Some sections and topics may be more relevant to certain functions or departments than to others. However, since one failure to act with integrity can damage the company's hard-earned reputation and compromise the public's trust, every employee is responsible for being familiar with the entire CoBE. The CoBE has been adopted by the company's board of directors and promotes an organizational culture that encourages ethical conduct and compliance with the law.

Our employees are aware that:

- The CoBE cannot anticipate every possible situation or cover every topic in detail. If a situation is unclear, employees should ask for guidance before taking action.
- Most of the topics covered in this CoBE are explained in greater detail in a company policy.
- The company may occasionally establish training programs to address specific areas of risk.
- Reading the CoBE is not a substitute for completing training and complying with specific policies and procedures.

Reporting Compliance Issues

Our employees have a responsibility to report violations of the CoBE, applicable laws or governmental regulations while performing work for the company. Employees are also expected to report any threat to human health, safety, the environment or the company's assets. Employees can report violations anonymously through EthicsLine, a worldwide reporting system. There employees can report suspected unethical and criminal conduct, or environmental, health and safety concerns, and other issues, such as employee misconduct, harassment in the workplace, fraud, questionable accounting, internal controls or auditing matters, conflicts of interest, misuse of company assets, regulatory violations, and behavior believed to damage our reputation.

Our Responsibilities

All employees must understand and follow this CoBE in business dealings; as such, employees must follow the law, the CoBE and related policies; promptly report suspected violation; complete required training; and periodically certify compliance with the CoBE.

Those in a leadership position (supervisors, managers and senior leaders) have additional responsibilities regarding the CoBE. They must set the tone "at the top," by modeling exemplary ethical business conduct; provide required training for employees; answer employee questions about the Code and the company's values, policies and procedures; and promptly respond to employee reports of violations or requests for guidance.

Proyecto Dino, Neuquen Province, Argentina

Consequences of Violating the CoBE

Any violation of the CoBE or our ethics and compliance programs may result in corrective action up to and including employment termination. The company may seek civil remedies from an employee and refer criminal misconduct to law enforcement agencies.

- The CoBE does not necessarily account for all applicable legal requirements. More restrictive laws or requirements take precedence. When applicable legal requirements conflict with the standards in this CoBE, employees should ask for guidance before acting.
- The existence and provisions of the CoBE do not by themselves create further contractual right to continued employment. However, to the extent a contractual right to continued employment is provided by applicable law, the CoBE is part of and is incorporated into an existing employment contract between Duke Energy and employees.
- Our employees may be asked periodically to certify compliance with the CoBE.

A key mechanism for ensuring compliance with our CoBE is through communication and training. Our Human Resources and Legal Departments train all employees on the Foreign Corrupt Practices Act (FCPA) and appropriate business conduct.

Foreign Corrupt Practices Act Policy

We depend on a responsible and ethical workforce to meet our business goals. Accordingly, our employees who may be at risk of exposure to corrupt practices are expected to understand the provisions of the U.S. Foreign Corrupt Practices Act (FCPA), to comply with the letter and spirit of this law, and to conduct themselves accordingly.

The FCPA and similar laws prohibit companies and individuals from corruptly offering, promising or giving anything of value to a government official to assist the company or individual in obtaining or retaining business or to obtain any improper advantage. It is also unlawful to make payments to agents, sales representatives or other intermediaries while knowing or having reason to know that any portion of the payment will be used illegally.

All our employees in the following functions are required to take the FCPA training annually: Business Development, Asset Management, Commercial, Government Affairs, Finance, Accounting, Purchasing, Logistics, HR, PR, IT and EHS. In addition, Operations personnel at the managerial level or higher are required to take the training.

This training included a review of the scope of the law, which stipulates that a buyer will not directly or indirectly make any corrupt payments to officers, agents, or public or government employees, or to candidates or active members of political groups, to obtain or maintain a business relationship.

Our online training "Business Conduct Questionnaire" reaffirms certain standards of the CoBE and provides an opportunity to report any noncompliance.

Product Responsibility

We create higher and sustainable value for customers, employees, communities and stakeholders by generating, delivering and trading energy products and services. We are committed to solutions that fit customers' energy needs by optimizing costs and providing high-quality products and services. We build strong commercial relationships based on transparency and trust, working openly with customers and providing clear and objective information. We work continuously to develop innovative commercial models that provide competitive advantages. DEI commercializes electric power with its own generation capacity and/or the purchase of energy from third parties.

We have developed a Quality Management System that has been integrated with our EHS Management System, to ensure that our products meet the quality requirements and specifications set by the client, while meeting the laws and regulations of each country where we operate safely, efficiently and reliably. The Quality Management System encompasses all operating and administrative facilities and their related processes.

The operating processes include all activities associated with electricity generation, from planning to final delivery to the client at the agreed points and agreed requirements and specifications. This includes all operation and maintenance activities necessary to guarantee safe, efficient and reliable generating units.

The administrative processes involve all other processes that support electric generation activities to ensure the product is delivered on time and in agreement with contracted stipulations and regulatory requirements. The following departmental activities are included: commercialization,

Control Room, Cañon del Pato Hydroelectric Complex, Peru

logistics (purchasing and imports), human resources, finance, information technology, regulatory affairs and public and/or community relations.

Our electric generation activities follow the continuous improvement cycle, as follows:

Planning

We plan all business activities to preserve our integrity, based on the business strategy, Operating Principles, corporate policies, and clear objectives and targets, making available the resources to meet those objectives.

So that we make the right decisions for each project, we analyze power generation technologies and use four criteria to evaluate energy supply options: Is the supply affordable? Is it available? Is it reliable? Is it clean? The table on page 73 summarizes the current state of power plant technology and its economics.

Implementation

By establishing an energy commercialization process, we guarantee client requirements and applicable laws and regulations are identified, incorporated and fulfilled to meet customers' expectations. We have established the appropriate procedures to manage and control our operations.

Monitoring

Each business unit develops and implements process control and measure mechanisms to demonstrate that electricity is being generated to conform to product specifications, and to the adequate management of the environment and health and safety. This involves:

- Following and meeting our Operating Principles, corporate policies, and objectives, target and budgets as planned.
- Measuring client satisfaction related to the fulfillment of expectations and requirements. (This is achieved by communicating with the client using different media that includes letters, e-mail, meetings and satisfaction surveys.)
- Measuring and following up on results to identify if corrective actions are needed, to ensure the product conforms to specifications, and environmental, health and safety regulations.
- Monitoring and measuring the products throughout the different electric generation phases to make certain operating and process control procedures are being followed.
- Following up and evaluating conformance with legal requirements applicable in each of the countries where we have operations

Management Review

We analyze all the information collected during the implementation and monitoring stages to measure client satisfaction, conformance to product specifications, characteristics and trends of processes involved and the supply chain, as well as performance on environmental, health and safety regulations.

Stemming from this analysis, we develop action plans with corrective or preventive actions with the main objective of avoiding the occurrence of non-desired activities that may undermine product quality and overall corporate performance.

During 2008, none of our business units incurred regulatory citations or monetary sanctions related to the non-compliance with customer or health and safety codes.

Electrical Substation, DEI Brazil

Customer Health and Safety

Our approach to quality management guarantees that our customers' requirements are met and exceeded. This approach along with the information we collect throughout the EIA process enables us to develop the set of tools and mechanisms to ensure that the health and safety of our customers and surrounding communities

DEI's Criteria to Evaluate Energy Supply Options

	Purpose	Affordable	Available	Reliable	Clean
Cleaner Coal					
Supercritical Pulverized	Baseload[1]	Yes	Yes	Yes	Yes, except for CO_2 emissions
Integrated Gasification Combined Cycle (IGCC)*	Baseload	Yes	Yes, but limited utility applications	Yes	Yes, except for CO_2 emissions
Natural Gas					
Simple Cycle	Peaking[2]	Yes, but volatile fuel prices	`	Yes	Yes, lower CO_2 emissions than coal
Combined Cycle	Intermediate[3]	Yes, but volatile fuel prices	Yes	Yes	Yes, lower CO_2 emissions than coal
Renewables					
Solar	Intermittent[4]	No, very expensive now	Yes, on small scale	Yes, if resource available	Yes
Wind	Intermittent	Among least cost renewables	Yes, but geographically limited	Yes, if resource available	Yes
Hydro	Peaking	Yes	Yes, but most sites have been developed	Yes, if resource available	Yes, except for stream flow impacts
Biomass	Baseload	Among least cost renewables	Yes, on small scale	Yes, if fuel available	Yes, but not as clean as other renewables
Energy Efficiency					
Demand Response	Peaking	Yes, less than generation alternatives	Yes, but customer response uncertain	Yes, once installed	Yes
Conservation	Baseload	Yes, less than generation alternatives	Yes, but customer response uncertain	Yes, once installed	Yes

*Future carbon capture and sequestration could address CO_2; likely easier with IGCC.
[1] Baseload – Large power plants that operate continuously at near full load (except for maintenance) to meet the 24/7 electric demand.
[2] Peaking – Power plants that operate for short periods, often for just a few hours on especially hot or cold days, to meet spikes in demand.
[3] Intermediate – Power plants that operate between the extremes of baseload and peaking electric demands.
[4] Intermittent – Power plants that are expected to operate 15 to 30 percent of the time..

is protected. The following are some examples of how we are preventing potential health and safety impacts to customer and surrounding communities.

Monitoring electromagnetic fields in Guatemala

Electromagnetic fields (EMF) are invisible lines of force emitted by and surrounding any electrical device (e.g. power lines and electrical equipment). Although there is public and scientific concern over the potential health effects associated with exposure to EMF (not only high-voltage power lines and substations, but also from everyday household uses of electricity), there is no empirical data demonstrating adverse health effects from exposure to typical EMF levels from power transmission lines and equipment. However, while the evidence of adverse health risks is weak, it is still sufficient to warrant limited concern.

To respond to this concern, DEI implemented a voluntary EMF monitoring program at Guatemala facilities. This program is assessing potential exposure and health concerns to the surrounding population and DEI employees, by measuring the actual EMF exposure levels against the baseline reference levels developed by the ICNIRP (International Commission on Non-Ionizing Radiation Protection). The monitoring program indicate that the communities and DEI employee exposure levels do not represent an elevated risk.

Upgrade of chimney gate seals to reduce environmental noise, Ecuador

The DEI Electroquil facility complies with the environmental noise parameters established by applicable local and international standards. Neighboring communities have not filed any complaints about noise from the plant. Nevertheless, during our annual generation unit maintenance, improvements were made to the design and insulation of the chimney gates to further reduce noise levels. In this way, DEI is being proactive in controlling one of the environmental aspects that could potentially affect communities near the plant.

Responsible Communications

DEI values and respects our client relationships and strives to provide objective, reliable and timely information regarding our products and services to improve customer satisfaction. Specific activities related to product responsibility include seminars and online monitoring.

DEI Seminars (Argentina, Brazil, Peru)

Each year, DEI organizes seminars to bring together renowned experts in the energy/electricity fields to discuss current and future issues. These seminars provide valuable information and tools to improve decision-making as it relates to electricity and natural gas products in deregulated markets. They also demonstrate our commitment to strong customer relationships, key to our economic viability, by providing expertise and objective advice, awareness and support to understand alternative options in an evolving market.

Online Monitoring (Argentina, Brazil, Peru)

This service allows customers to monitor online all the information related to their energy usage, including contractual agreements, contracted demand, real demand, and pricing, among other items. This instant access to reliable information enhances the customer's decision-making process.

GRI Standard Disclosure Profile

1	Strategy and Analysis	
1.1	Statement from most senior decision maker	1-2
1.2	Description of key impacts, risks and opportunities	5-8
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2.2	Primary brands, products and/or services	9
2.3	Operational structure of the organization	9
2.4	Location of the organization's headquarters	Cover
2.5	Number of countries where the organization operates	10, 14
2.6	Nature of ownership	9, 14
2.7	Markets served	10, 13, 14
2.8	Scale of the organization	10
2.9	Significant changes during the reporting period	11
2.1	Awards received	11-12
3.1	Reporting period	12
3.2	Date of most recent previous report	none
3.3	Reporting cycle	12
3.4	Contact point for questions regarding the report and its contents	Cover
3.5	Process for defining the report scope including	12
3.6	Boundary of the report	12-14
3.7	Limitations on the scope	14
3.8	Basis for reporting on joint ventures, subsidiaries	14
3.9	Data measurement techniques	15
3.10	Re-statement of any information for previous reports	none
3.11	Significant changes from previous reporting issues	11
3.12	Table identifying the location of the Standard Disclosures in the report	74-75
3.13	External Assurance	15
4.1	Governance structure of the organization	15
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	www.duke-energy.com
4.3	For organization that have a unitary board structure state the number of members that are independent /or non-executive	www.duke-energy.com
4.4	Mechanisms for shareholders and employees to provide recommendations to the highest governance body	www.duke-energy.com
4.5	Linkage between compensation	www.duke-energy.com
4.6	Processes in place for the highest level of governance	www.duke-energy.com
4.7	Processes for determining the qualifications and expertise of the members of the highest governance body	www.duke-energy.com
4.8	Internally developed vision, mission, codes of conduct	16
4.9	Procedures of the highest governance body for overseeing the organization's	15
4.10	Processes for evaluating the highest level of governance body's own performance	www.duke-energy.com
4.11	Precautionary Principle	17
4.12	Externally developed economic, social and environmental charters, principles	n.a.
4.13	Memberships in associations	17
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4.16	Approaches to stakeholder engagement	26, 67-69
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EC4	Significant financial assistance received from the government	none
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EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	23
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement	26
EC9	Understanding and describing significant economic indirect impacts, including the extent of the impacts	23-26
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EN8	Total water withdrawal by source	36-38
EN11	Location size of land, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas	38-41
EN12	Description of significant activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	38-42
EN13	Habitats protected or restored	38-42
EN14	Strategies, current actions and future plans for managing impacts on biodiversity	38-42
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EN20	NO, SO and other significant air emissions by type and weight	45
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LA13	Composition of governance bodies and breakdown of employees per category, according to gender, age group, minority group, membership and other indicators of diversity	64
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	Society Management Approach	65-66
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EUEN20	NO, SO and other significant air emissions by type and weight - Report on emissions per MWh	45
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Canoas I Hydroelectric Power Plant, DEI Brazil

FORWARD-LOOKING INFORMATION

This report 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 are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target" 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; state, federal and foreign legislative and regulatory initiatives and 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 in Duke Energy's service territories; 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 Duke Energy's operations, including the economic, operational and other effects of storms, hurricanes, droughts and tornados; 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 and of projects undertaken by Duke Energy's non-regulated businesses; the results of financing efforts, including Duke Energy's ability to obtain financing on favorable terms, which can be affected by various factors, including Duke Energy's 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 credit worthiness of counterparties to Duke Energy's transactions; employee workforce factors, including the potential inability to attract and retain key personnel; growth in opportunities for Duke Energy's 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's 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; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; 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. Duke Energy undertakes 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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