ENVIRONMENTAL PERFORMANCE METRICS

2010 ELECTRICITY GENERATED (NET MEGAWATT-HOURS) [1]

	United States		Latin America		Total	
	MWh (thousands)	Percent	MWh (thousands)	Percent	MWh (thousands)	Percent
Coal	93,192	62.7%	0	0%	93,192	55.8%
Natural Gas/Oil	8,157	5.5%	3,166	17.3%	11,323	6.8%
Total Fossil	101,349	68.2%	3,166	17.3%	104,515	62.6%
Nuclear	43,443	29.2%	0	0%	43,443	26.0%
Conventional Hydro	2,239	1.5%	15,178	82.7%	17,417	10.4%
Wind	2,281	1.5%	0	0%	2,281	1.4%
Solar	17	<1%	0	0%	17	<1%
Total Carbon-Free	47,982	32.3%	15,178	82.7%	63,159	37.8%
Pumped-Storage Hydro [2]	(689)	-0.5%	0	0%	(689)	-0.4%
Total	148,642	100.0%	18,344	100.0%	166,985	100.0%

1 All data based on Duke Energy's ownership share of generating assets. Totals may not add up exactly due to rounding.
2 Pumped-storage hydro helps meet peak demands and, like other storage technologies, consumes more energy than it produces.

2010 Electricity Generated*

* Pumped-storage hydro, which totaled (0.4%), consumes more energy than it produces.

In 2010, as in 2009, almost 40 percent of the electricity we generated was from carbon-free sources, including nuclear, hydro, solar and wind.

2010 GENERATION CAPACITY (MEGAWATTS) [1]

	United States		Latin America		Total	
	MW	Percent	MW	Percent	MW	Percent
Coal	16,925	47.4%	0	0.0%	16,925	42.4%
Natural Gas/Oil	9,395	26.3%	1,294	30.8%	10,689	26.8%
Total Fossil	26,320	73.7%	1,294	30.8%	27,614	69.2%
Nuclear	5,173	14.5%	0	0.0%	5,173	13.0%
Conventional Hydro	1,111	3.1%	2,909	69.2%	4,020	10.1%
Solar	24	0.1%	0	0.0%	24	< 0.1%
Wind	986	2.8%	0	0.0%	986	2.5%
Total Carbon-Free	7,294	20.4%	2,909	69.2%	10,203	25.6%
Pumped-Storage Hydro [2]	2,090	5.9%	0	0.0%	2,090	5.2%
Total	35,704	100.0%	4,203	100.0%	39,907	100.0%

1 All data based on Duke Energy's ownership share of generating assets. Totals may not add up exactly due to rounding.
2 Pumped-storage hydro helps meet peak demands and, like other storage technologies, consumes more energy than it produces.

2010 Generation Capacity*

* Pumped-storage hydro, which totaled 5.2%, consumes more energy than it produces.

Our diverse generation portfolio reduces commodity price volatility and helps us meet our customers' electricity needs in a sustainable way.

FUELS CONSUMED FOR U.S. ELECTRIC GENERATION [3]

	2006	2007	2008	2009	2010
Coal (million tons)	46.5	46.8	45.0	36.1	**39.6**
Oil (million gallons)	—	23.0	22.2	18.3	**18.0**
Natural Gas (million decatherms)	—	33.7	26.8	50.7	**64.6**

3 All data based on Duke Energy's ownership share of generating assets.

Fuels Consumed for U.S. Electric Generation

Fuels consumed increased in 2010 over 2009, due to the need for increased coal and natural gas generation to meet higher demand for electricity.

WATER WITHDRAWN AND CONSUMED (BILLION GALLONS)

	2008 [4]	2009 [5]	2010
Withdrawn	4,000	3,800	**3,900**
Consumed	60	74	**88**

4 Excludes Duke Energy International and Duke Energy Generation Services.
5 Excludes Duke Energy Generation Services.

Water Withdrawn and Consumed

Water withdrawn is the total volume removed from a water source, such as a lake or a river. Due to once-through cooling systems on many of our coal-fired and nuclear plants, a large portion of this water is returned to the source and available to be used again. *Water consumed* is the amount of water removed for use and not returned to the source.

Emissions From Generation

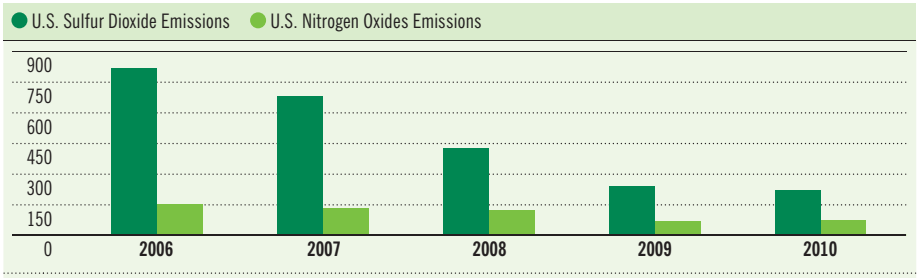
Emission levels depend on many factors, including generation diversity and efficiency, demand for electricity, weather, fuel availability and prices, and emission controls deployed. Carbon dioxide (CO_2) and nitrogen oxides (NOx) emissions increased in 2010 over 2009 due to increased coal and natural gas generation, which resulted from increased demand for electricity. Sulfur dioxide (SO_2) emissions decreased due to the addition of flue gas desulfurization (FGD) scrubbers. We have invested approximately $5 billion over the past decade to significantly reduce SO_2 and NOx emissions from our coal fleet. As a result, we have reduced SO_2 emissions by 73 percent and NOx by 52 percent over the past five years. Our CO_2 emissions have decreased 5 percent over that same period, largely due to decreased demand for electricity. Our modernization strategy will help us further reduce emissions. In addition, new nuclear, if built, along with new wind and solar, will help us deliver increasingly clean energy.

EMISSIONS FROM GENERATION

	2006	2007	2008	2009	2010
Carbon Dioxide (CO_2) Emissions (thousand tons) [6]					
▪ **U.S.**	102,300	108,500	105,000	90,800	**97,600**
▪ **Latin America**	3,000	3,100	2,700	2, 900	**2,300**
Total	105,300	111,600	107,700	93,700	**99,900**
Total CO_2 Emissions Intensity (tons per net MWh)	0.63	0.66	0.66	0.59	**0.60**
U.S. Sulfur Dioxide (SO_2) Emissions (tons) [7]	817,700	682,300	427,700	239,800	**221,200**
U.S. SO_2 Emissions Intensity (pounds per net MWh)	11.0	8.9	5.8	3.4	**3.0**
U.S. Nitrogen Oxides (NOx) Emissions (tons) [7]	149,200	130,500	122,700	64,800	**71,800**
U.S. NOx Emissions Intensity (pounds per net MWh)	2.0	1.7	1.7	0.9	**1.0**

6 CO_2 reported from U.S. electric generation and Duke Energy International operations, and based on ownership share of generating assets.
7 SO_2 and NOx reported from U.S. electric generation based on ownership share of generating assets.

U.S. SULFUR DIOXIDE AND NITROGEN OXIDES EMISSIONS (THOUSAND TONS) [8]



8 SO_2 and NOx reported from U.S. electric generation based on ownership share of generating assets.

U.S. Toxic Release Inventory (TRI)

Duke Energy's TRI-reported releases for 2009 were down 31 percent from 2008. (2010 data will not be available until July 2011.) This reduction was due to reduced 2009 generation (and fuel consumption) and installation of air pollution control devices at several plants, including new FGD scrubbers. TRI-reported releases of metal compounds also decreased from 2008. From 2005 to 2009, TRI-reported releases decreased by over 60 percent.

U.S. TOXIC RELEASE INVENTORY — TRI (THOUSAND POUNDS) [9]

	2005	2006	2007	2008	2009
Releases to Air	80,173	75,752	59,584	39,382	**24,318**
Releases to Water	248	195	224	234	**211**
Releases to Land	15,234	14,224	15,593	13,895	**11,753**
Off-Site Transfers	77	64	92	118	**509**
Total	95,732	90,235	75,492	53,630	**36,790**

9 Data pertain to facilities Duke Energy owns or operates and where Duke Energy is the responsible reporting party. Totals may not add up exactly due to rounding.

U.S. On-Road and Off-Road Vehicle Fleet Emissions and Fuel Consumed

We have a goal to reduce nitrogen oxides, volatile organic compounds, particulate matter and carbon monoxide emissions from our on-road and off-road vehicle fleet by 35 percent by 2012 compared to 2006. From 2006 to 2010, emissions have been reduced by approximately 24 percent, and we are on track to meet this goal.

U.S. ON-ROAD AND OFF-ROAD VEHICLE FLEET EMISSIONS AND FUEL CONSUMED [10]

	2006 (Baseline)	2007	2008	2009	2010
Number of Vehicles	5,396	5,426	5,460	5,647	**5,637**
Fuel Consumed (thousand gallons)	7,800	7,887	7,569	7,294	**7,118**
Nitrogen Oxides (tons)	486	497	449	467	**414**
Volatile Organic Compounds (tons)	73	66	59	56	**47**
Particulate Matter (tons)	24	26	24	27	**25**
Carbon Monoxide (tons)	718	629	649	544	**497**
Total Emissions (tons)	1,301	1,218	1,181	1,094	**984**

10 This table represents just over 90 percent of our vehicle fleet. Operation and fuel consumption are estimated where individual mileage, engine hours or fuel measurements are not available. These estimates are used for emissions calculations where necessary.

Accelerated Main Replacement Program (AMRP)

In 2000, the AMRP was launched on Duke Energy's natural gas distribution system in Ohio and Kentucky to reduce leaks and improve safety, performance and reliability. The program accelerates replacement of approximately 1,400 miles of cast iron and bare steel pipe, some in service since 1873. The AMRP is complete in Kentucky, and more than 70 percent complete in Ohio. We are on track to meet our target of reducing repaired leaks by 20 percent by 2012 compared to 2007. Reducing leaks decreases the release of natural gas, which is mostly methane, a greenhouse gas approximately 20 times more potent than CO_2.

Waste

We have a goal to increase the percentage of U.S. solid waste that is recycled from 52 percent in 2008 to 62 percent by 2012. Our nuclear plants also have a goal to reduce by 25 percent the amount of low-level radioactive waste (Class B and C) they generate by 2012, compared to the 2002 through 2006 average of 1,552 cubic feet. To date, we are exceeding both of these goals.

U.S. Electricity Consumed

We have a goal to reduce electricity consumption at 13 of our largest commercial buildings by 10 percent by 2012, compared to the 2005 through 2007 average. We are on track to meet this goal.

Reportable Oil Spills

Oil spills include releases of lubricating oil from generating stations, leaks from transformers or damage caused by third parties (typically due to auto accidents).

ACCELERATED MAIN REPLACEMENT PROGRAM (AMRP)

	2007	2008	2009	2010	Goal
Reduction in Leaks Repaired (Since 2007)	Baseline year	6%	29% [11]	**14%**	20% by 2012

11 This differs from what was reported last year due to better available information.

WASTE

	2006	2007	2008	2009	2010
U.S. Solid Waste [12]					
▪ **Total Generated** (tons)	—	—	40,162	39,651	**38,651**
▪ **Percent Recycled**	—	—	52%	55%	**63%**
Hazardous Waste Generated (tons) [13]	—	—	—	438	**125**
Low-level Radioactive Waste (Class B and C) Generated (cubic feet)	1,464	1,420	1,303	739	**658 (58% less than baseline)**

12 All data exclude Duke Energy Generation Services, Duke Energy International and large, one-time projects. Weights are estimated based on volumes where necessary. Data not available for 2006-2007.
13 Companywide data not available for 2006-2008.

U.S. ELECTRICITY CONSUMED

	2005-2007 Average (Baseline)	2006-2008 Average	2007-2009 Average	2008-2010 Average
Electricity Consumption: 13 of Our Largest Commercial Buildings (megawatt-hours)	64,836	62,607	60,486	**58,783 (9% less than baseline)**

REPORTABLE OIL SPILLS [14]

	2006	2007	2008	2009	2010
Spills	75	79	66	92	**56**
Gallons	3,300	28,900	6,600	4,700	**7,400**

14 Data for 2006-2008 includes U.S. spills only. Duke Energy International spill data are included for later years.

ENVIRONMENTAL REGULATORY CITATIONS [15]

	2006	2007	2008	2009	2010
Citations	12	12	16	20 [16]	**19**
Fines/Penalties (dollars)	$8,850	$29,265,500 [16]	$141,657	$2,805,525 [16]	**$15,982**

15 Includes international and U.S. federal, state and local citations and fines/penalties.
16 These historical values differ from what was reported last year and reflect judicial actions and corrections that were made after the report was published.

Environmental Regulatory Citations

No fines were associated with 14 of the 19 citations in 2010. In addition, $2,800 of the total 2010 fines/penalties resulted from resolution of citations received prior to 2010. The 2007 total fines/penalties figure includes proposed fines of approximately US$29 million assessed by the Brazil State Environmental Agency of Parana (IAP), and approximately US$270,000 by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) for alleged violations related to reforestation. These amounts are higher than what was reported in 2009. One 2007 IAP fine was increased in 2011, resulting in the total IAP fines increasing to US$29 million. We are contesting these violations. In addition, 2009 total citations and fines/penalties have increased due to the addition of two international citations totaling $16,235 in fines.

3 Quality Workforce

CHALLENGES

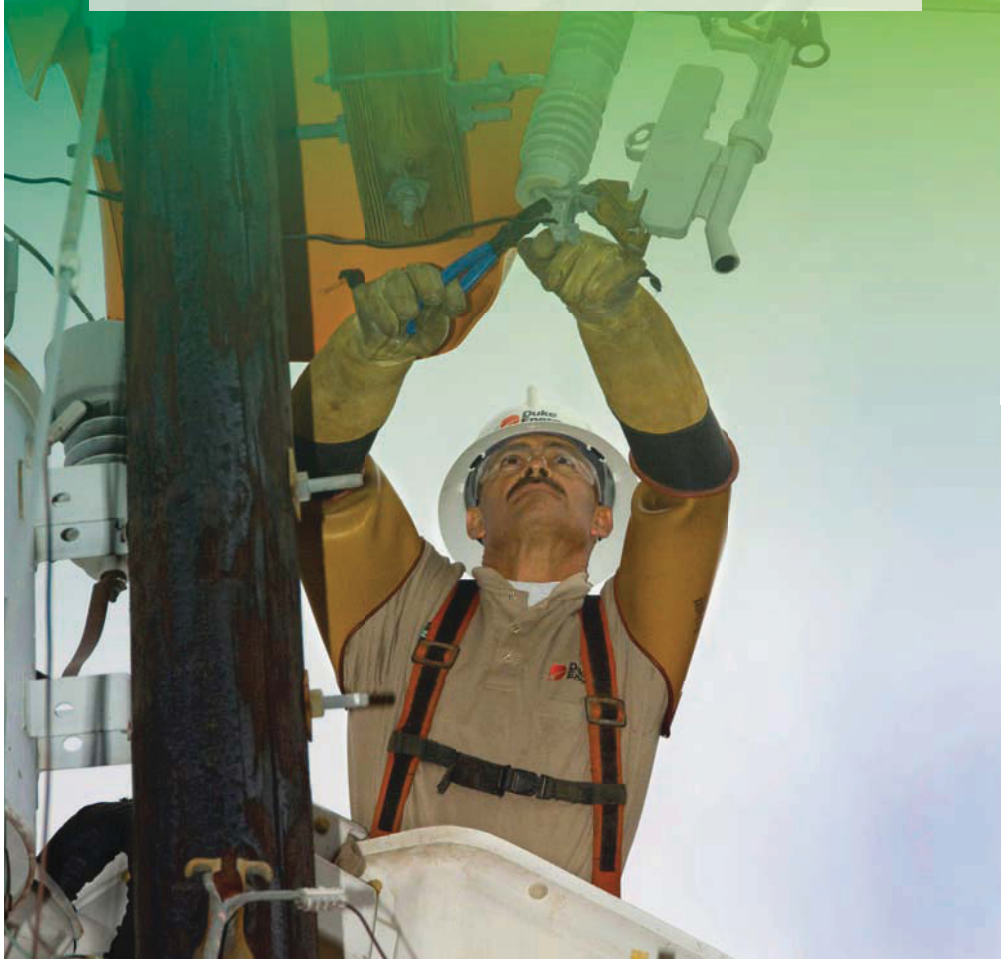
- Improve employee and contractor safety, especially in light of contractor fatalities in 2010.
- Transfer knowledge and selectively hire new skills as baby boomers retire.

OPPORTUNITIES

- Maintain our reputation as a preferred employer.
- Improve diversity and effectively manage a multi-generational workforce.

2010 AND EARLY 2011 HIGHLIGHTS

- Achieved the best employee safety Total Incident Case Rate in company history, a 40 percent decrease from 2006.
- Maintained high management and employee engagement, as measured by favorable scores on survey questions.
- Deployed an improved employee performance management system.



SAFETY: A SHARED RESPONSIBILITY

Duke Energy is committed to providing affordable, reliable and cleaner energy. But above all else, we're committed to safety — in our workplaces and in our communities. We measure our annual safety performance through two measures:

- Zero employee and contractor fatalities
- Total Incident Case Rate (TICR) — the number of recordable incidents per 100 workers (based on Occupational Safety and Health Administration criteria).

Addressing Contractor Fatalities

Tragically, five contractor fatalities overshadowed a year of employee safety improvements. We immediately investigated each incident — and shared lessons learned to reinforce key safety messages among employees and contractors who perform similar work.

Additionally, throughout the year, management teams thoroughly reviewed roles, processes and procedures to determine exactly where safety improvements can and should be made. And, in late 2010, we launched a Contractor Safety Performance Improvement Task Force, a team of senior leaders charged with developing a road map to the next level of safety results.

Employee Safety Performance

We exceeded our aggressive employee TICR target level in 2010, and our final number is the lowest in company history. Employee TICR has improved in each of the past five years, representing a 40 percent improvement over our 2006 rate. We are on track to meet our goal to be in the top decile by 2012.

The 2010 employee Lost Workday Case Rate (LWCR) improved as well. The LWCR is the actual number of lost workday cases in a year, per 100 workers. A lost workday case is an occupational injury or illness that results in one or more days away from work. Compared to 2006, our 2010 employee LWCR represents a 34 percent improvement.

SAFETY AT DUKE ENERGY

	2006	2007	2008	2009	2010
Employee and Contractor Work-Related Fatalities	4	2	0	3	**5**
Employee Total Incident Case Rate (TICR) [1]	1.51	1.25	1.15	1.00	**0.90**
Employee Lost Workday Case Rate (LWCR) [2]	0.35	0.26	0.28	0.23	**0.23**
Contractor Total Incident Case Rate (TICR) [1]	—	—	—	1.21 [3]	**1.07**

1 Number of recordable incidents per 100 workers (based on OSHA criteria). Top decile in 2009 for employee TICR was 0.69 (based on the latest data available from the Edison Electric Institute).
2 Number of lost workday cases per 100 workers
3 First year compiled and reported. This differs from what was reported last year, based on more complete and accurate contractor data made available after the 2009/2010 report was published.

TALENT MANAGEMENT FUNDAMENTAL TO SUSTAINABILITY

Duke Energy's future success largely depends on the quality and skills of our workforce. As veteran employees prepare for retirement, we're planning for our future workforce — with skills that align with evolving business strategies.

As the table indicates, younger employees ("Generation X" and "Millennials") are a growing portion of our workforce — from 32 percent in 2009 to 36 percent in 2010.

FOUR GENERATIONS IN DUKE ENERGY'S U.S. WORKFORCE

	2009	2010
Traditionalists (born before 1946)	1%	**1%**
Baby Boomers (born 1946-1964)	67%	**63%**
Generation X (born 1965-1981)	27%	**29%**
Millennials (born after 1981)	5%	**7%**

As the "Baby Boomers" move into retirement, we must continue to attract high-quality talent and transfer institutional knowledge to a new generation. To preserve our talent advantage, we are:

- Identifying needs for new skills in areas like smart grid, fleet modernization and renewable energy, as well as fundamental skills essential to keeping the lights on for our customers
- Forecasting retirements to identify future talent needs and risk of critical-knowledge gaps
- Developing a talent pipeline through strategic hiring and sourcing programs, such as cooperative and intern positions
- Continuing to partner with universities and technical colleges on energy-related training
- Offering on-the-job training and other development opportunities, including rotational programs for early-career professionals
- Strengthening supervisory effectiveness with an enhanced curriculum for first-time supervisors
- Using succession planning to identify and develop talent to fill key leadership positions
- Benchmarking regularly to make sure compensation and benefits are competitive with similar companies
- Better aligning pay with performance through an improved performance management process.

DEVELOPING A DIVERSE AND INCLUSIVE WORKFORCE

Diversity and inclusion are business priorities at Duke Energy. Simply put, diversity means we employ people with a variety of characteristics and backgrounds, and inclusion means we value their differences and similarities. Together, diversity and inclusion leverage our individual perspectives and experiences to achieve stronger business results.

One measure of our success is the composition of our workforce. In 2010, we saw a slight increase in the percentage of females in management, though our other demographic metrics remained constant. Although we may be in line with peer companies, we're working to further diversify our workforce.

I'M ACCOUNTABLE

Tony Gilday
Environmental, Health and Safety Professional
New Richmond, Ohio

I'm accountable for the safety of our employees and contractors at three of Duke Energy's coal plants in Ohio. But, really, we're all accountable for each other's safety. We think about this every morning during our safety briefings when we talk about safety on the job and at home. Home safety is important — if our workers are safe at home, they're much more likely to be safe at work, too.

We hold all-day "human performance" improvement sessions throughout the year. These give us a chance to react to real-life safety incidents. Nearly every participant has experienced an "aha" moment during the training. In fact, one of our vendor partners recently hired its own safety professional in response to one of our sessions. The new hire trains the vendor's employees on safety issues and performs safety audits. This work will not only benefit our own operations, but other work throughout our communities. Safety is contagious, and this partner really "gets it."

I look forward to the next phase of our human performance program, which will include our front-line hourly employees and contractors. Because, even though last year's overall safety statistics were among the best in our company's history, we cannot and will not lower our expectations for the future.

Icon denotes additional content online at sustainabilityreport.duke-energy.com

WORKFORCE PERFORMANCE METRICS

In Our Communities

Duke Energy supports educational programs for women and minorities throughout the U.S. We fund scholarships, student groups and educational-advancement programs. We also sponsor job fairs and other programs for student and professional organizations that support the development of minorities and women.

Diversity Steering Teams

Duke Energy's Diversity Steering Teams work to improve employee engagement and build an inclusive culture. Through dialogue, training and local projects, these teams foster an understanding of differences and similarities among employees in the departments they represent.

Employee Resource Groups

Employee Resource Groups (ERGs) are networks of employees with common interests or experiences. Open to all employees, ERGs aim to support business needs, align with company goals and strategies, promote understanding and provide a stronger sense of community. Employees organize and manage the groups, which provide educational, networking and

Duke Energy employees in Plainfield, Ind.

WORKFORCE STATISTICS

	1/31/07 [1]	12/31/07	12/31/08	12/31/09	12/31/10
Full- and Part-Time Employees	18,053	18,117	18,548	18,683	**18,439**
▪ United States	17,100	17,045	17,429	17,581	**17,293**
▪ International	953	1,072	1,119	1,102	**1,146**
Collective Bargaining Unit/Union Members as Percent of Workforce					
▪ U.S. (members of a collective bargaining unit)	27.1%	25.5%	25.2%	24.7%	**24.6%**
▪ International (dues-paying members of a union)	35.3%	30.2%	27.4%	26.2%	**25.4%**

1 After Spectra Energy spinoff

U.S. WORKFORCE DEMOGRAPHICS [2]

	1/31/07 [3]	12/31/07	12/31/08	12/31/09	12/31/10
Ethnic Diversity as Percent of Workforce					
▪ White	86.6%	86.6%	86.7%	86.9%	**86.4%**
▪ Black/African American	11.2%	11.3%	11.2%	11.0%	**11.2%**
▪ Hispanic/Latino	0.9%	0.9%	0.9%	0.9%	**1.1%**
▪ Asian	0.9%	0.8%	0.8%	0.9%	**1.0%**
▪ American Indian/Alaska Nation	0.3%	0.3%	0.3%	0.3%	**0.3%**
▪ Native Hawaiian/Other Pacific Islander (new category for 2010 reporting)	—	—	—	—	**0.0%**
▪ Not specified	0.1%	0.2%	0.1%	0.0%	**0.0%**
Females/Minorities as Percent of Workforce/Management					
▪ Females as percent of workforce	22.6%	22.6%	22.6%	22.6%	**22.9%**
▪ Females as percent of management	17.6%	17.2%	15.5%	16.3%	**17.2%**
▪ Minorities as percent of workforce	13.3%	13.3%	13.3%	13.1%	**13.6%**
▪ Minorities as percent of management	7.8%	8.0%	7.9%	7.6%	**7.6%**

2 Ethnic diversity and gender data are not captured for Duke Energy International employees.
3 After Spectra Energy spinoff

U.S. EMPLOYEE TURNOVER SUMMARY

	2007	2008	2009	**2010**
Reason				
▪ Severance package volunteers	405	210	14	**686**
▪ Resignations	244	304	238	**284**
▪ Retirements	218	190	205	**197**
▪ Employees who were notified they did not have a position in the company and elected to leave with a severance package [4]	114	18	12	**27**
▪ Dismissals	46	96	127	**144**
Total Turnover	1,027	818	596	**1,338**
Total U.S. Employees	17,045	17,429	17,581	**17,293**
Turnover as a Percent of Workforce	6.0%	4.7%	3.4%	**7.7%**
Percentage of Employees Eligible to Retire in 5 Years [5]	—	—	50.9%	**50.9%**
Percentage of Employees Eligible to Retire in 10 Years [5]	—	—	67.9%	**66.7%**

4 Employees whose jobs were affected by restructuring were offered an option to transfer into a "transition pool" for a six-month period, during which they could look for other employment opportunities within Duke Energy.
5 Eligible to retire is defined as 55 years of age or older, with at least 5 years of service.

mentoring opportunities, as well as seminars and conferences, for members.

Our ERGs include:

- African-American Network
- Business Women's Network
- Latinos United Cultivating Energy and Service
- Leadership Development Network.

Duke Energy also sponsors employee chapters of Women in Nuclear, Young Generation in Nuclear, Toastmasters and American Association of Blacks in Energy.

'Best of the Best' Company

In 2010, Duke Energy was named a "Best of the Best" company by three employment magazines: Black Equal Opportunity Employment Journal, Professional Woman's Magazine and Hispanic Network Magazine. The publications included Duke Energy in their listings of top energy, oil and utility companies.

WEB EXCLUSIVE CONTENT

- Former HQ Earns ENERGY STAR® Certification
- Safety: Seeing is Believing
- The 3 Rs of Working Safely
- Employee Wellness Programs Focus on Prevention
- Employee Satisfaction Remains High
- Putting Sustainable Thinking to Work
- Duke Energy Brazil Honored
- Employees Recognized with James B. Duke Awards

VIDEO

What It's Like to Work as a Line Tech

I'M ACCOUNTABLE

Dennis Wood
Vice President,
Real Estate Services

In this Q&A, Dennis Wood discusses the Workplace of the Future design concept that defines our new corporate headquarters, how it reinforces our company's culture, and how it will change our workspaces in the future.

What is the Workplace of the Future concept?

A: The goal of the Workplace of the Future is to foster a highly creative and productive workforce through open and transformative work environments, complete with energy efficient designs and the latest technologies. The program complements other better-known initiatives — like the U.S. Green Building Council's LEED program — by combining energy efficiency and the use of sustainable materials with forward-thinking designs for workspaces and furnishings.

Why is Duke Energy creating the Workplace of the Future?

A: Fresh and energetic environments are vital to our company's success as we work to attract and retain top talent in today's challenging and highly competitive marketplace. The move to our new corporate headquarters — the Duke Energy Center, which was awarded platinum-level LEED certification — gave us the perfect opportunity to develop a creative work environment that can be replicated throughout our system, cost-effectively and sustainably. We feel our progressive workplace concepts will help drive innovation, collaboration and creativity throughout our company.

How were sustainable design principles incorporated into the Duke Energy Center?

A: Key workplace design features include more natural light, ergonomic design, a balance of collaborative and individual space, energy efficient water usage, furniture made from recyclable and reusable materials, informal areas for socializing and new technologies.

The Workplace of the Future concept allows for flexibility, too. We developed multiple work "styles" within a common footprint, so that each workspace can be customized as locations and work habits change. The customization is also highly cost-effective and significantly reduces new waste streams.

How have employees reacted?

A: The employee response is overwhelmingly positive. They appreciate the open, community environment, while still having access to private workspaces. In the coming months, we will solicit detailed employee feedback, which we'll use as we plan for future projects.

Where are the Workplace of the Future design principles being applied?

A: We initially piloted many of the design concepts in 2009 in the renovated Lafayette Operations Center in Indiana. This past year, we used Workplace of the Future elements while renovating parts of the historic 4th & Main building in Cincinnati, the regulated-trading floor at our former Charlotte headquarters and our Governmental Affairs office in Indianapolis. We also applied the design features to our new Cherokee Operations Center in Whittier, N.C.

We are developing a formalized design standard that incorporates both Workplace of the Future and LEED design principles for our various facility types and business operations. We are making a long-term commitment to provide highly functional, cost-effective and sustainable facilities that bring out the best in our employees, wherever they work.

4 Strong Communities

CHALLENGES

- Encourage economic development in the continuing sluggish economy.
- Help the communities we serve stay competitive with other regions.

OPPORTUNITIES

- Help attract jobs to our service territories as high unemployment persists.
- Use our community programs to strengthen the regions we serve.

2010 AND EARLY 2011 HIGHLIGHTS

- Provided competitively priced, reliable electricity in each of our five states.
- Helped attract almost $5.8 billion in capital investments and nearly 14,000 new jobs.
- Contributed almost $29 million to our communities (includes contributions from The Duke Energy Foundation and the company, along with employee and retiree donations and the value of their volunteer time).

2010 ECONOMIC DEVELOPMENT GOALS EXCEEDED

Duke Energy's business success depends on the strength of the communities we serve. Our work in economic development is focused on attracting investments that expand economies and create jobs in our five-state service area.

We work closely with state and local officials to position competitive energy costs as a key differentiator for companies looking to locate or expand operations. We also serve in key leadership positions in local and regional economic development organizations. This work has become even more important in light of the weak economy and increasing competition among regions to attract business growth.

In 2010, Duke Energy's economic development efforts helped state, regional and local government officials attract almost $5.8 billion in capital investments and nearly 14,000 new jobs, greatly exceeding our goals. (These results reflect new capital investments and jobs; they do not take into account business closures and job losses due to the economic downturn.)

To read about notable economic development highlights over the past year, see the rest of this article in the Strong Communities section of our online Sustainability Report.

CONTRIBUTING TO OUR COMMUNITIES

An important way we strengthen our communities is through our financial support. Charitable giving from The Duke Energy Foundation and the company, along with employee and retiree donations and the value of their volunteer time, totaled almost $29 million in 2010. This is in line with our annual giving in recent years and on par with industry benchmarks.

2010 CHARITABLE GIVING	
The Duke Energy Foundation	$15.8 million
Other company cash contributions and in-kind gifts and services	$ 3.0 million
Cash contributions from employees and retirees	$ 5.5 million
Value of our employees' and retirees' volunteer time	$ 4.5 million
Total Charitable Giving	**$28.8 million**

Through corporate and regional contributions councils, The Duke Energy Foundation awarded grants based on the needs of the community and in alignment with our areas of focus:

- Community vitality — 63 percent ($8.7 million)
- Economic development, including educational initiatives — 28 percent ($3.9 million)
- Environment and energy efficiency — 9 percent ($1.2 million).

Another $2 million was given by The Duke Energy Foundation to fund matching gifts and volunteer grants for employees and retirees in 2010.

In addition to charitable giving of nearly $29 million in 2010, Duke Energy invested almost $4.7 million in our communities to support regulatory agreements and other business initiatives.

For instance, Duke Energy Carolinas continued to share its bulk power marketing (BPM) profits by providing over $1.7 million toward education and $1.5 million for low-income energy assistance programs. BPM profits come from off-system sales of power on the open market.

Low-income energy assistance programs in Indiana (Helping Hand), Kentucky (WinterCare) and Ohio (HeatShare) received $747,000 from Duke Energy and almost $262,000 from employee and customer contributions. Similar programs in the Carolinas — like Share the Warmth, Cooling Assistance and Fan Relief — are funded from a variety of sources, including customer and employee contributions (which totaled nearly $592,000 in 2010).

As part of the Catawba-Wateree Comprehensive Relicensing Agreement in the Carolinas, we invested approximately $710,000 to improve water use and management and to enhance aquatic habitat and fish populations.

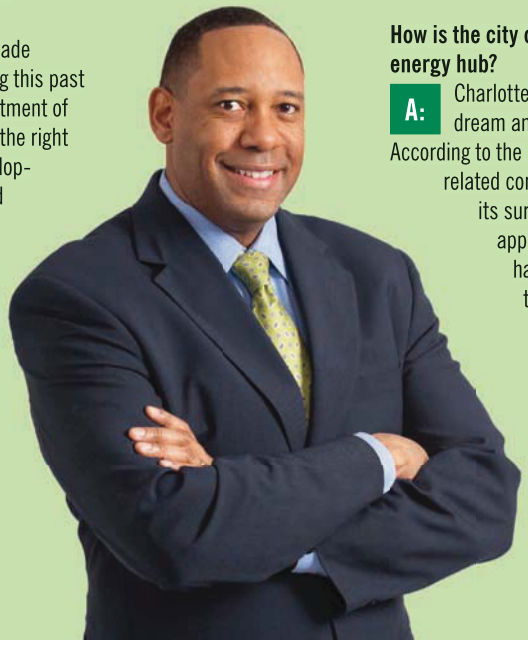
I'M ACCOUNTABLE

Brett Carter
President,
Duke Energy
North Carolina

In the following Q&A, Brett Carter discusses the transformative role the energy industry can play in stimulating the economy.

Did economic development get any easier in North Carolina during the past year?

A: I'd say there were many factors that made economic development less challenging this past year. North Carolina lawmakers and the Department of Commerce were extremely engaged, giving us the right environment and tools to allow economic development to thrive during the downturn. And it paid off, illustrated by an abundance of economic development announcements that garnered national attention and accolades. However, when you're the lead dog, the competition is eager to take your place. To stay ahead of the pack, North Carolina must continue to look forward, with a clear focus on its competitive advantages.



What are the keys to success when working with companies looking to site or expand their operations?

A: Ultimately, the key to success is our ability to provide affordable, reliable and clean energy, coupled with superior customer service. As rising energy costs increasingly represent a larger portion of business expenses, the cost of energy has become one of the most important factors in site selection criteria. We proactively identify opportunities for our customers to take control of their energy costs through energy efficiency programs and services. Additionally, strong collaborations with local chambers of commerce, regional partnerships and other organizations focused on economic development are instrumental in the process.

How is the city of Charlotte, N.C., doing in its quest to become an energy hub?

A: Charlotte has experienced tremendous success as it fulfills its dream and destiny to become "the new energy capital." According to the Charlotte Regional Partnership, 240 energy or energy-related companies employ nearly 27,000 people in Charlotte and its surrounding counties. Since 2007, Charlotte has created approximately 5,000 new energy-related jobs. The Queen City has been in the national spotlight for its efforts, and continues to attract the interest of energy-related companies for possible manufacturing facilities and/or headquarters.

For more Q&As with Brett Carter, please visit the Strong Communities section of our Sustainability Report online.

EMPLOYEES AND RETIREES MAKE A DIFFERENCE

Volunteerism is a tradition at Duke Energy and one that our employees and retirees embrace. To support their efforts, Duke Energy created Volunteers In Action, an online database where employees can submit, search and sign up for volunteer opportunities across our service territories.

We also provide financial support for our employees' volunteer efforts — including grants for "sweat equity" projects completed by employees, and board leadership grants for employees and retirees who serve on the boards of directors of qualifying organizations. In 2010, we estimate that approximately 5,100 volunteers spent 215,000 hours participating in 600 projects in more than 160 U.S. communities.

At the heart of Volunteers In Action is the annual Global Service Event (GSE), a companywide grassroots campaign to make a concerted impact on the communities we serve. Employees and retirees identify needs in the community, organize projects, recruit volunteers and provide project leadership.

During the 2010 GSE event, we estimate that approximately 3,000 Duke Energy employees, retirees and their family members and friends participated in almost 350 community projects between May and June. Their efforts assisted more than 260 charitable organizations.

PROMOTING SUSTAINABLE ENERGY IN THE DEVELOPING WORLD

Duke Energy is a member of e8, a worldwide organization of electric utilities founded in 1992 to promote sustainable energy development in the world's emerging nations.

The 10 members of e8 are among the largest electricity companies in the world, representing Brazil, Canada, France, Germany, Italy, Japan, Russia and the U.S.

The e8 companies develop projects that bring clean energy to some of the 2 billion people around the world who — in 2011 — still have no access to electricity.

The member companies also develop training programs to ensure that clean energy projects eventually can be turned over to, and managed by, citizens of the targeted regions.

In 2010, Duke Energy assumed leadership of the organization's graduate scholarship program and invested in two projects: the construction of a combined wind energy and water desalinization facility in Tunisia; and a training program for energy and finance ministers in Latin America, focused on improving energy investment opportunities in their countries.

BRINGING SAFE ELECTRICITY TO RURAL AREA IN PERU

Duke Energy International invested more than $165,000 in electricity infrastructure to support 120 families in the La Ramada Alta community near the company's Carhauquero hydroelectric power plant in Peru.

What little energy the community had been receiving was through illegal connections that posed serious safety risks. This project benefits the community by providing safe and reliable electricity, improving the quality of life, and offering programs to promote energy awareness and safety.

JOB TRAINING PROGRAM PASSES $10 MILLION MARK

Duke Energy's grant program to improve job training in the Carolinas reached a key milestone in 2010. The Community and Technical College Grant program has now awarded over $10 million to support more than 50 separate training initiatives at North Carolina's community colleges.

Created in 2004, the grant program is a way for Duke Energy to share its bulk power marketing profits with communities in our North Carolina service area. More than 5,000 workers have received training offered through the Duke Energy-funded programs at 21 community colleges. And more than 900 new jobs have been created as a result of a better trained workforce. In South Carolina, a similar program called AdvanceSC has provided more than $15 million in education grants to high schools and colleges.

Innovative partnerships like this — between education systems, major employers and our company — demonstrate the real and tangible work that is taking place to re-energize economies in the regions we serve.

WEB EXCLUSIVE CONTENT

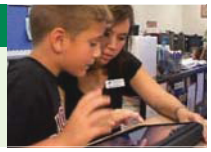
- Strategy to Attract Data Centers Paying Off
- Site Readiness Program Expands to Ohio and Kentucky
- Duke Energy among Top 10 Utilities for Economic Development
- Enabling Communities to Become More Sustainable
- Working with Tribal Leaders to Site Electrical Tie Station
- Challenging K-12 Students to be Energy Efficient
- Can You Meet Tomorrow's Energy Challenge?
- Helping Low-income Families Improve Water Quality
- Duke Energy International Building Homes for Families in Need

VIDEO

Partnering on a New Data Center

VIDEO

iPads for Elementary Classrooms



5 Governance and Transparency

CHALLENGES

- Maintain strong financial performance despite a sluggish economy.
- Achieve timely and constructive regulatory recovery of our investments.
- Successfully resolve property tax disputes in Ohio.
- Rebuild trust with stakeholders in Indiana.

OPPORTUNITIES

- Maintain strong corporate governance ratings.
- Attract additional investors who value sustainability.

2010 AND EARLY 2011 HIGHLIGHTS

- Continued to aggressively manage operating and maintenance expenses.
- Increased the quarterly dividend from $0.24 to $0.245 per share in 2010.
- Outperformed the Philadelphia Utility Index in total shareholder return in 2010 and over the past three and five years.

FINANCIAL PERFORMANCE STRONG IN 2010

Financially, we exceeded our own expectations in 2010. Weather was a major factor, as extreme temperatures in both winter and summer increased demand for energy. But removing weather's effects, we would still have had a strong year — due to solid operational performance, careful control of costs and the impacts of rate increases.

We posted year-end adjusted diluted earnings per share of $1.43, a 17 percent increase over our 2009 results of $1.22.

Our total shareholder return (TSR) — the change in stock price plus dividends — was 9.5 percent for 2010, once again exceeding our peers as measured by the Philadelphia Utilities Index. TSR for the index of 20 electric utility companies, including Duke Energy, was 5.7 percent in 2010. Duke Energy has seen cumulative TSR of 4.7 percent over the past three years, while the utility index TSR has been a negative 15.4 percent. Over five years, our cumulative returns have been 44.2 percent, compared to 20.9 percent for the utility index.

We're seeing positive signs of slow but steady economic recovery. In our regulated service territories, excluding weather impacts, customer demand grew by nearly 2 percent in 2010 over 2009. This increase was principally driven by a 7 percent increase in sales to our industrial customers.

We held operations and maintenance expenses basically flat from 2007 through 2009. Increases in 2010 were primarily due to extreme temperatures.

We mitigated the financial impacts of customers switching suppliers in Ohio, where Duke Energy Retail, our competitive retail energy provider, was able to capture some of our lost margins.

For the 84th consecutive year, Duke Energy paid a quarterly cash dividend on our common stock in 2010. We also increased the quarterly dividend by a half-cent per share, and we are committed to continuing to grow the dividend.

We continued our focus on maintaining the strength of the balance sheet. During 2010, we issued $1.4 billion of fixed-rate

FINANCIAL HIGHLIGHTS (IN MILLIONS EXCEPT FOR PER SHARE DATA) [1]

	2008	2009	**2010**
Total operating revenues	$13,207	$12,731	**$14,272**
Net income attributable to Duke Energy Corporation	$1,362	$1,075	**$1,320**
Reported diluted earnings per share	$1.07	$0.83	**$1.00**
Adjusted diluted earnings per share	$1.21	$1.22	**$1.43**
Dividends per share	$0.90	$0.94	**$0.97**
Total assets	$53,077	$57,040	**$59,090**
Long-term debt including capital leases and variable interest entities, less current maturities	$13,250	$16,113	**$17,935**

1 See 2010 Duke Energy Annual Report / Form 10-K Financial Highlights for detailed notes and explanations of figures above.

debt at a weighted-average rate of 3.8 percent and an average maturity of approximately eight years. Financing during this period of historically low interest rates helps us mitigate customer rate impacts.

INDIANA HIRING ISSUE

Duke Energy's reputation was challenged in 2010, after the company hired a regulatory attorney from the Indiana Utility Regulatory Commission (IURC).

When public concerns were raised due to the employee's recent involvement in regulatory decisions involving Duke Energy, our management took immediate action.

Duke Energy has fully cooperated with the Indiana Inspector General's investigation and with the IURC's review of cases over which the attorney had presided. The company also promptly initiated internal and independent investigations of the matter.

After careful consideration, the employee was dismissed from the company, along with Duke Energy's state president for Indiana. The head of our regulated operations later resigned, when inappropriate emails with state regulators also became public.

The company has changed its hiring practices to avoid similar situations in the future. All job applications now include pre-screening questions about candidates' previous responsibilities that might have involved Duke Energy's interests. And, before we post a job with regulatory or oversight responsibilities, the hiring manager is consulted to determine the potential for conflicts of interest. If the potential is high, we apply a greater level of scrutiny throughout the hiring process.

We are working diligently to rebuild trust with stakeholders in Indiana.

SUPPLY CHAIN SUSTAINABILITY

Duke Energy continues to collaborate with suppliers on sustainability, both individually and through the efforts of the Electric Utility Industry Sustainable Supply Chain Alliance, which we helped found in 2008.

In 2010, consistent with Alliance best practices, we strengthened our process for taking environmental performance into account in the awarding of large contracts. Suppliers' answers to more than 20 questions — about compliance, environmental management systems, greenhouse gas (GHG) emissions, energy, water, waste and other topics — now help inform our buying decisions.

Also in 2010, we completed an inventory of energy use throughout our own supply chain operations. This baseline inventory was part of an Alliance initiative to reduce members' GHG emissions, and to encourage suppliers to do so as well. In aggregate, Alliance members are targeting a 10 percent reduction in the energy use of their supply chain operations by 2015, from a 2008 baseline.

The Alliance is also developing best practices to reduce the environmental impacts of significant categories of products such as poles, transformers, and wire and cable. Duke Energy is already implementing best practices, such as shipping poles directly to job sites to reduce fuel consumption and emissions. We also buy a significant portion of our wire and cable in "reel-less" bundles that we place on reusable steel spools mounted on our trucks. This avoids the use of large, heavy wooden reels, which have limited life spans.

Since 2006, Duke Energy has clearly established our expectations of vendors with our Supplier Code of Conduct. We expect our suppliers to conduct their business with the same regard for the environment, human rights, safety and quality that we expect of ourselves.

POLITICAL INVOLVEMENT

By participating in the political process, we ensure the voices of our company, customers, shareholders and other stakeholders are heard in the public arena.

Legislative and regulatory "strokes of the pen" pose some of the greatest risks to our business. Our lobbyists study proposed bills and regulations, consult with technical and financial specialists, and provide information to lawmakers so they can make informed decisions.

In 2010, we spent nearly $7 million on reportable lobbying expenses at the federal and state levels to promote sound energy policy. Included in this amount is approximately $630,000 of our 2010 federal trade association dues that were used for lobbying.

WEB EXCLUSIVE CONTENT

- Crisis Management in the Age of Social Media
- Paying Our Fair Share of Taxes
- Protecting the Dividend Tax Rate
- Local and Regional Banks Invest in Duke Energy
- CEO Recognized for Influence in Corporate Governance
- Diverse Supplier Spending Increases Slightly
- Stakeholder Expectations and Fulfillments
- Partnerships and Memberships

We also give to "527" organizations — groups that advocate for issues and mobilize voters, but do not directly support or oppose candidates. In 2010, we contributed $550,000 to 527 organizations.

Duke Energy is legally prohibited from contributing directly to political candidates for elective federal offices in the United States, and it is similarly prohibited from making such contributions in certain states. In 2010, we contributed $68,000 in the states where such contributions are allowed.

Duke Energy did not provide funding for any electioneering communication or independent expenditure during 2010. These types of funding are used for pre-election communications that refer to specific candidates.

Our Political Activity Policy guides our corporate involvement and supports individual participation in the political process.

Employee Participation

Many of our employees are politically active through DUKEPAC and Voices In Politics.

A voluntary, nonpartisan political action committee, DUKEPAC encourages employee participation in the political process and makes contributions to qualified candidates for public office. Any DUKEPAC member may suggest political candidates for consideration by the board of trustees, which is made up of company employees. Through DUKEPAC, our employees contributed almost $824,000 to state and federal candidates and political organizations in 2010.

Duke Energy pays the administrative costs of operating DUKEPAC, as allowed by law. All employee contributions go to the candidates and political organizations.

Voices In Politics (VIP), Duke Energy's grassroots education and advocacy network, briefs employees on political issues and encourages them to actively

I'M ACCOUNTABLE

Jeff Browning
Senior Vice President — Audit Services and Chief Ethics and Compliance Officer

Jeff Browning reacts to a major challenge to the company's reputation in 2010, and reaffirms expectations for ethical conduct for employees and leadership.

What do the recent issues in Indiana say about Duke Energy's ethical culture?

A: Despite being named one of the World's Most Ethical Companies for the past four years, we experienced ethics issues in Indiana. We are not proud that this situation occurred, but it should not be viewed as a broad indictment of our culture or a lack of commitment to operating ethically.

Our culture and organizational character are defined by how we operate every day, including how we address tough issues that arise. In this particular instance, we investigated the issues and then took decisive actions that were consistent with our values and operating practices. Those actions reinforce and support the strength and integrity of our ethical culture, as well as our unwavering commitment to protecting and maintaining that culture.

How does Duke Energy reinforce the importance of ethical behavior throughout the company?

A: The principles in our Code of Business Ethics (CoBE) help foster a culture of integrity and accountability. This begins with the board of directors and extends to our employees, contract workers and suppliers. We set expectations regarding adherence to the CoBE, and we monitor compliance across the company, taking appropriate actions and providing training to reinforce expectations and ensure compliance. Additionally, we expect managers and supervisors to maintain and follow an "open door" policy, we provide anonymous mechanisms for reporting concerns, and we solicit periodic employee feedback on ethical operating practices through our Employee Opinion Survey.

Reputations are built over a lifetime, but can be lost in an instant. Now, more than ever, we need every employee to do their best to help us restore public trust and confidence in our company.

Are any changes planned due to the missteps in Indiana?

A: Ethics, like safety, is critical to our operations and to our ability to effectively serve all of our stakeholders. The hard lessons that we learned from the Indiana situation afford us the opportunity to make a number of constructive changes. Some of these changes include modifying our ethics training, awareness and advocacy programs, developing specific training related to interactions with regulators and public officials, and fostering heightened awareness in determining and addressing conflicts of interest in the hiring process. The situation in Indiana, although difficult, has been a beneficial learning experience for us. We will use it to get better.

Icon denotes additional content online at sustainabilityreport.duke-energy.com

support or oppose legislation that could have a major impact on the company. In addition, the VIP website provides information on voter registration and contacting legislators.

RESPONSIBLE USE OF GOVERNMENT STIMULUS FUNDS

Duke Energy is putting federal stimulus funds to work to modernize its electric grid and help revitalize the economy.

In May 2010, we reached an agreement with the Department of Energy (DOE) to accept $204 million in digital grid stimulus funds. These awards will enable us to move forward with modernizing our power delivery system in the five states we serve.

We feel strongly that our grid modernization efforts support the job creation, economic stimulus and energy infrastructure objectives of the American Reinvestment and Recovery Act and the Smart Grid Investment Grant Program. Over the course of our smart grid program, we expect to put more than 1,000 people to work as we deploy digital technologies in the Carolinas, Ohio, Kentucky and Indiana.

By the end of 2010, we had invested approximately $38 million of the stimulus funds awarded by the DOE for grid modernization, and created about 130 new jobs. This does not include jobs that are created indirectly by the ripple effects of our investment in local economies.

The DOE has also awarded Duke Energy $3.5 million for workforce development and training. Currently, we are developing training plans and programs to equip existing and new employees to support our grid modernization efforts.

Duke Energy plans to spend up to $1 billion to deploy smart grid technology in our five service areas.

For more information on our smart grid rollout, see the Innovative Products and Services section of this report.

GOVERNANCE RATINGS

Each year, we gather ratings published by several top governance advisory services. We use these ratings, and analysis of our company prepared by the services, to help maintain our strong governance systems.

GOVERNANCE RATINGS

	2006	2007	2008	2009	2010	Scale
ISS — Corporate Governance Quotient						
Index Ranking	13.8	91.1	82.5	88.3	**88.7** [1]	0-100*
Industry Ranking	30.7	93.6	90.1	93.6	**93.3** [1]	0-100*
ISS — GRId Profile [2] **(new in 2010)**						
Board Structure					**Low Concern**	Low*, Medium, High Concern
Compensation					**Low Concern**	
Shareholder Rights					**Low Concern**	
Audit					**Low Concern**	
The Corporate Library						
TCL Rating	B	B	B	B	**C** [3]	A*-F (no E)
Governance Risk Assessment	Low	Low	Low	Low	**Moderate** [3]	Low*, Mod, High
GovernanceMetrics International						
Overall Global Rating	9.0	9.5	9.5	9.0	**9.5** [4]	0-10*

1 As of March 17, 2010. Published with permission of ISS.
2 As of Jan. 24, 2011. Published with permission of ISS.
3 As of Jan. 13, 2011. Published with permission of The Corporate Library LLC.
4 As of Nov. 2010. Published with permission of GovernanceMetrics International.
* Reflects best rating.

GLOBAL REPORTING INITIATIVE

The Global Reporting Initiative (GRI) is an internationally accepted framework of economic, environmental and social performance indicators. We provide a detailed response to the GRI indicators on our website. Below we provide a summary index to the GRI indicators. With this report and our online information, we believe we meet GRI Guidelines Application Level B.

- Standard Disclosures (pages 2-8, 9)
- Economic Indicators (pages 3, 5-8, 36-37, 39-40)
- Environmental Indicators (pages 21-31)
- Product Responsibility Indicators (pages 2-8, 14-20)
- Labor Practices and Decent Work Indicators (pages 32-35)
- Human Rights Indicators — Please see our index at: http://www.duke-energy.com/sustainability/human-rights-indicators.asp
- Society Indicators (pages 36-38, 40-42)

ABOUT OUR DATA

This report contains the best data available at time of publication. Environmental and social data can be challenging to measure accurately. We correct and report errors in prior-year data where found. We work to continually improve our data measurement, gathering and reporting processes to increase the integrity of information presented.