

Duke Energy CORP
Form DEF 14A
March 20, 2008

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
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DUKE ENERGY CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
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526 South Church Street
Charlotte, NC 28202-1802

March 20, 2008

Dear Shareholder:

I am pleased to invite you to our annual meeting to be held on May 8, 2008, in the O. J. Miller Auditorium located in our Charlotte headquarters building.

As explained in the enclosed proxy statement, at this year's meeting you will be asked to vote for the election of directors, to ratify the selection of the independent public accountant, to approve the amended and restated Duke Energy Corporation Executive Short-Term Incentive Plan and to consider any other business that may properly come before the meeting.

It is important that all Duke Energy shareholders, regardless of the number of shares owned, participate in the affairs of the Company. At Duke Energy's last annual meeting, in May, 2007, over 86 percent of Duke Energy's shares were represented in person or by proxy.

Even if you plan to attend this year's meeting, it is a good idea to vote your shares now before the meeting, in the event your plans change. You may mark, date and sign the proxy card and return it using the enclosed, postage-paid envelope. Alternatively, you may also vote by telephone or the internet. Please follow the voting instructions that are printed on your enclosed proxy card.

Whether you choose to vote by mail, telephone, or internet, your response is greatly appreciated.

We hope you will find it possible to attend this year's meeting, and thank you for your continued interest in Duke Energy.

Sincerely,

James E. Rogers
Chairman, President and
Chief Executive Officer

Duke Energy Corporation
526 South Church Street
Charlotte, NC 28202-1802

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
May 8, 2008

March 20, 2008

We will convene the annual meeting of shareholders of Duke Energy Corporation on Thursday, May 8, 2008, at 10:00 a.m. in the O. J. Miller Auditorium in the Energy Center located at 526 South Church Street in Charlotte, North Carolina.

The purpose of the annual meeting is to consider and take action on the following:

1. Election of directors;
2. Ratification of Deloitte & Touche LLP as Duke Energy's independent public accountant for 2008;
3. Approval of the amended and restated Duke Energy Corporation Executive Short-Term Incentive Plan; and
4. Transact any other business that may properly come before the meeting (or any adjournment or postponement of the meeting).

Shareholders of record as of the close of business on March 13, 2008, are entitled to vote at the annual meeting. It is important that your shares be represented at this meeting.

Whether or not you expect to be present at the annual meeting, please vote by marking, dating and signing the enclosed proxy card and return it using the enclosed, postage-paid envelope. You may also vote by telephone or internet. Please follow the voting instructions that are printed on your enclosed proxy card. Regardless of the manner in which you vote, we urge and greatly appreciate your prompt response.

By order of the Board of Directors.

Julia S. Janson
Senior Vice President, Ethics and Compliance
and Corporate Secretary

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FREQUENTLY ASKED QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: *On what am I voting?*

A: Election of directors;

Ratification of Deloitte & Touche LLP ("Deloitte") as Duke Energy Corporation's ("Duke Energy") independent public accountant for 2008; and

Approval of the amended and restated Duke Energy Corporation Executive Short-Term Incentive Plan.

Q: *Who can vote?*

A: Holders of Duke Energy's common stock as of the close of business on the record date, March 13, 2008, are entitled to vote, either in person or by proxy, at the annual meeting. Each share of Duke Energy common stock has one vote.

Q: *How do I vote?*

A: *By Proxy* Before the annual meeting, you can give a proxy to vote your shares of Duke Energy common stock in one of the following ways:

by telephone;

by internet; or

by completing and signing your proxy card and mailing it in time to be received prior to the annual meeting.

The telephone and internet voting procedures are designed to confirm your identity, to allow you to give your voting instructions and to verify that your instructions have been properly recorded. If you wish to vote by telephone or internet, please follow the instructions that are printed on your enclosed proxy card.

If you mail us your properly completed and signed proxy card, or vote by telephone or internet, your shares of Duke Energy common stock will be voted according to the choices that you specify. If you sign and mail your proxy card without marking any choices, your proxy will be voted:

FOR the election of all nominees for director;

FOR the ratification of Deloitte & Touche LLP as Duke Energy's independent public accountant for 2008; and

FOR the approval of the amended and restated Duke Energy Corporation Executive Short-Term Incentive Plan.

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We do not expect that any other matters will be brought before the annual meeting. However, by giving your proxy, you appoint the persons named as proxies as your representatives at the annual meeting. If an issue should arise for vote at the annual meeting that is not included in the proxy material, the proxy holders will vote your shares in accordance with their best judgment.

In Person You may come to the annual meeting and cast your vote there. If your shares are held in the name of your broker, bank or other nominee and you wish to vote at the annual meeting, you must bring an account statement or letter from the nominee indicating that you were the owner of the shares on March 13, 2008.

Q: *May I change or revoke my vote?*

A: Yes. You may change your vote or revoke your proxy at any time by:

notifying Duke Energy's Corporate Secretary in writing that you are revoking your proxy;

providing another signed proxy that is dated after the proxy you wish to revoke;

using the telephone or internet voting procedures; or,

attending the annual meeting and voting in person.

Q: *Will my shares be voted if I do not provide my proxy?*

A: It depends on whether you hold your shares in your own name or in the name of a bank or brokerage firm. If you hold your shares directly in your own name, they will not be voted unless you provide a proxy or vote in person at the meeting.

Brokerage firms generally have the authority to vote customers' unvoted shares on certain "routine" matters. If your shares are held in the name of a brokerage firm, the brokerage firm can vote your shares for the election of directors, for ratification of Deloitte as Duke Energy's independent public accountant for 2008 and for the approval of the amended and restated Duke Energy Corporation Executive Short-Term Incentive Plan if you do not timely provide your proxy because these matters are considered "routine" under the applicable rules.

Q: *As a participant in the Duke Energy Retirement Savings Plan, the Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (Midwest) or the Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (IBEW 1393), how do I vote shares held in my plan account?*

A: If you are a participant in any of these plans, you have the right to provide voting directions to the plan trustee, by submitting your proxy card, for those shares of Duke Energy common stock that are held by the plan and allocated to your account. Plan participant proxies are treated confidentially.

If you elect not to provide voting directions to the plan trustee, the plan trustee will vote the Duke Energy shares allocated to your plan account in the same proportion as those shares held by the plan for which the plan trustee has received voting directions from other plan participants. The plan trustee will follow participants' voting directions and the plan procedure for voting in the absence of voting directions, unless it determines that to do so would be contrary to the Employee Retirement Income Security Act of 1974. Because the plan trustee must process voting instructions from participants before the date of the annual meeting, you are urged to deliver your instructions no later than May 2, 2008.

Q: *What constitutes a quorum?*

A: As of the record date, 1,263,504,919 shares of Duke Energy common stock were issued and outstanding and entitled to vote at the annual meeting. In order to conduct the annual meeting, a majority of the shares entitled to vote must be present in person or by proxy. This is referred to as a "quorum." If you submit a properly executed proxy card or vote by telephone or on the internet, you will be considered part of the quorum. Abstentions and broker "non-votes" will be counted as present and entitled to vote for purposes of determining a quorum. A broker "non-vote" occurs when a bank, broker or other nominee who holds shares for another person has not received voting instructions from the owner of the shares and, under New York Stock Exchange ("NYSE") listing standards, does not have discretionary authority to vote on a proposal.

Q: *What vote is needed to approve the matters submitted?*

A: Directors are elected by a plurality of the votes cast at the meeting, subject to the Board of Directors' policy regarding resignations for directors who do not receive a majority of "FOR" votes. "Plurality" means that the nominees receiving the largest number of votes cast are elected as directors up to the maximum number of directors to be chosen at the meeting. The affirmative vote of a majority of the shares present and entitled to vote at the annual meeting is required to approve each of the other proposals. In tabulating the vote on any matter other than the election of directors, abstentions will have the same effect as votes against the matter and shares that are the subject of a broker "non-vote" will be deemed absent and will have no effect on the outcome of the vote.

Q: *Who conducts the proxy solicitation and how much will it cost?*

A: Duke Energy is requesting your proxy for the annual meeting and will pay all the costs of requesting shareholder proxies. We have hired Georgeson Shareholder Communications, Inc. to help us send out the proxy materials and request proxies. Georgeson's fee for these services is \$20,000, plus out-of-pocket expenses. We can request proxies through the mail or personally by telephone, telegram, fax or other means. We can use directors, officers and other employees of Duke Energy to request proxies. Directors, officers and other employees will not receive additional compensation for these services. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding solicitation material to the beneficial owners of Duke Energy common stock.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors

The Board of Directors of Duke Energy currently consists of 12 members. However, the Board of Directors has decided to reduce the size of the board from 12 members to 11 members, beginning with the 2008 election. We have a declassified Board of Directors, which means all of the directors are voted on every year at the annual meeting.

The Corporate Governance Committee, comprised of only independent directors, has recommended the following candidates as nominees for directors and the Board of Directors has approved their nomination for election:

William Barnet, III; G. Alex Bernhardt, Sr.; Michael G. Browning; Daniel R. DiMicco; Ann Maynard Gray; James H. Hance, Jr.; James T. Rhodes; James E. Rogers; Mary L. Schapiro; Philip R. Sharp; and Dudley S. Taft.

If any director is unable to stand for election, the Board of Directors may reduce the number of directors or designate a substitute. In that case, shares represented by proxies may be voted for a substitute director. We do not expect that any nominee will be unavailable or unable to serve.

William Barnet, III

*Director of Duke Energy or its predecessor companies since 2005
Chairman, President and Chief Executive Officer
The Barnet Company Inc. and Barnet Development Corporation
Age 65*

Mr. Barnet has served as Chairman, President and CEO of The Barnet Company Inc. since 2001 and Barnet Development Corporation since 1990. Both companies are real estate and investment firms. Mr. Barnet is the mayor of Spartanburg, S.C. and is also a member of the board of directors of Bank of America. In March 2006, Mr. Barnet was named as a Trustee of the Duke Endowment.

G. Alex Bernhardt, Sr.

*Director of Duke Energy or its predecessor companies since 1991
Chairman and CEO
Bernhardt Furniture Company
Age 65*

Mr. Bernhardt has been associated with Bernhardt Furniture Company, a furniture manufacturer, since 1965. He was named President and a director in 1976 and became Chairman and CEO in 1996.

Michael G. Browning

*Director of Duke Energy or its predecessor companies since 1990
Chairman and President
Browning Investments, Inc.
Age 61*

Mr. Browning has been Chairman and President of Browning Investments, Inc., a real estate development firm, since 1981. He also serves as owner, general partner or managing member of various real estate entities.

Daniel R. DiMicco

*Director of Duke Energy or its predecessor companies since 2007
Chairman, President and Chief Executive Officer
Nucor Corporation
Age 57*

Mr. DiMicco has served as President and Chief Executive Officer of Nucor Corporation, a steel company, since 2000. He has been a member of the Nucor Board of Directors since 2000 and has served as its Chairman since 2006. Mr. DiMicco is a former chair of the American Iron and Steel Institute.

Ann Maynard Gray

*Director of Duke Energy or its predecessor companies since 1994
Former Vice President, ABC, Inc. and
Former President, Diversified Publishing Group of ABC, Inc.
Age 62*

Ms. Gray was President, Diversified Publishing Group of ABC, Inc., a television, radio and publishing company, from 1991 until 1997, and was a Corporate Vice President of ABC, Inc. and its predecessors from 1979 to 1998. Ms. Gray has served as a director for various public companies, including Duke Energy Corporation, for a number of years. She is currently a director of Elan Corporation, plc and The Phoenix Companies, Inc.

James H. Hance, Jr.

*Director of Duke Energy or its predecessor companies since 2005
Former Vice Chairman and Chief Financial Officer
Bank of America
Age 63*

Mr. Hance was Vice Chairman of Bank of America from 1994 until his retirement in 2005 and served as Chief Financial Officer from 1988 to 2004. Since retiring in 2005, Mr. Hance has served as a director for various public companies, including Duke Energy Corporation. Mr. Hance is a certified public accountant and spent 17 years with Price Waterhouse (now PricewaterhouseCoopers LLP). He is a director of Sprint Nextel Corporation, Cousins Properties Incorporated and Rayonier Inc.

James T. Rhodes

*Director of Duke Energy or its predecessor companies since 2001
Retired Chairman, President and CEO
Institute of Nuclear Power Operations
Age 66*

Dr. Rhodes was Chairman and CEO of the Institute of Nuclear Power Operations, a nonprofit corporation promoting safety, reliability and excellence in nuclear plant operation, from 1998 to 1999 and Chairman, President and CEO from 1999 until his retirement in 2001. He served as President and CEO of Virginia Electric & Power Company, a subsidiary of Dominion Resources, Inc., from 1989 until 1997. Dr. Rhodes is a member of the Advisory Council for the Electric Power Research Institute.

James E. Rogers

*Director of Duke Energy or its predecessor companies since 1988
Chairman, President and Chief Executive Officer
Duke Energy Corporation
Age 60*

Mr. Rogers has served as President, CEO and a member of the Board of Directors of Duke Energy since its merger with Cinergy Corp. in 2006 and has served as Chairman since 2007. Mr. Rogers was Chairman and CEO of Cinergy Corp. from 1994 until its merger with Duke Energy. He was formerly Chairman, President and CEO of PSI Energy, Inc. from 1988 until 1994. Mr. Rogers is a director of Fifth Third Bancorp and CIGNA Corporation.

Mary L. Schapiro

*Director of Duke Energy or its predecessor companies since 1999
Chief Executive Officer
Financial Industry Regulatory Authority
Age 52*

Ms. Schapiro serves as CEO of the Financial Industry Regulatory Authority, created in 2007 through the consolidation of the National Association of Securities Dealers ("NASD") and the member regulation, enforcement and arbitration functions of the NYSE. She previously served as Chairman and CEO of the NASD, as Chairman of the Commodity Futures Trading Commission and as a Commissioner on the Securities and Exchange Commission. She is currently a director of Kraft Foods Inc.

Philip R. Sharp

Director of Duke Energy or its predecessor companies since 2007

President

Resources for the Future

Age 65

Dr. Sharp has served as President of Resources for the Future since 2005. He joined Duke Energy's Board of Directors in 2007, having previously served on the board of directors of one of its predecessor companies from 1995 to 2006. Dr. Sharp was a member of Congress from Indiana for 20 years, serving on the House Energy and Commerce Committee. He currently serves as Congressional Chair of the non-profit National Commission on Energy Policy.

Dudley S. Taft

Director of Duke Energy or its predecessor companies since 1985

President and CEO

Taft Broadcasting Company

Age 67

Mr. Taft has served as President and CEO of Taft Broadcasting Company, which holds investments in media-related activities, since 1987. He is a director of Fifth Third Bancorp.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH NOMINEE.

INFORMATION ON THE BOARD OF DIRECTORS

Board of Directors' Meetings and Attendance

The Board of Directors of Duke Energy met 8 times during 2007. No director attended less than 75% of the total of the Board of Directors' meetings and the meetings of the committees upon which he or she served. Ms. Gray was appointed as lead director on April 4, 2006. The lead director is responsible for presiding at Board of Directors' meetings when the Chairman is not present, presiding at executive sessions of the nonmanagement directors, assisting in development of the Board of Directors' meeting agendas with the Chairman and serving as a liaison between the independent directors and the Chairman and the Chief Executive Officer. Directors are encouraged to attend the annual meeting of shareholders. All members of the Board of Directors attended Duke Energy's last annual meeting of shareholders on May 10, 2007.

Independence of Directors

The Board of Directors may determine a director to be independent if the Board of Directors has affirmatively determined that the director has no material relationship with Duke Energy or its subsidiaries (references in this proxy statement to Duke Energy's subsidiaries shall mean its consolidated subsidiaries), either directly or as a shareholder, director, officer or employee of an organization that has a relationship with Duke Energy or its subsidiaries. Independence determinations will be made on an annual basis at the time the Board of Directors approves director nominees for inclusion in the annual proxy statement and, if a director joins the Board of Directors in the interim, at such time.

The Board of Directors has determined that none of the directors, other than Mr. Rogers, has a material relationship with Duke Energy or its subsidiaries, and are, therefore, independent under the listing standards of the NYSE. In arriving at this determination, the Board of Directors considered all transactions and relationships between each director or any member of his or her immediate family and Duke Energy and its subsidiaries.

To assist in this determination, the Board of Directors adopted the following categorical standards for relationships that are deemed not to impair a director's independence:

Relationship	Requirements for Immateriality of Relationship
<i>Personal Relationships</i>	
The director or immediate family member resides within a service area of, and is provided with utility service by, Duke Energy or its subsidiaries.	Utility services must be provided in the ordinary course of the provider's business and at rates or charges fixed in conformity with law or governmental authority, or if the service is unregulated, on arm's-length terms.
The director or immediate family member holds securities issued publicly by Duke Energy or its subsidiaries.	The director or immediate family member can receive no extra benefit not shared on a pro rata basis.

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The director or immediate family member receives pension or other forms of deferred compensation for prior service, or other compensation unrelated to director or meeting fees, from Duke Energy or its subsidiaries.

The compensation cannot be contingent in any way on continued service, and

The director has not been employed by Duke Energy or any company that was a subsidiary of Duke Energy at the time of such employment for at least three years, or the immediate family member has not been an executive officer of Duke Energy for at least three years and any such compensation that is not pension or other forms of deferred compensation for prior service cannot exceed \$10,000 per year.

Business Relationships

Payments for property or services are made between Duke Energy or its subsidiaries and a company associated* with the director or immediate family member who is an executive officer of the associated company.

Payment amounts must not exceed the greater of \$1,000,000 and 2% of the associated company's revenues in any of its last three fiscal years, and

Relationship must be in the ordinary course of Duke Energy's or its subsidiary's business and on arm's-length terms.

Indebtedness is outstanding between Duke Energy or its subsidiaries and a company associated* with the director or immediate family member.

Indebtedness amounts must not exceed 5% of the associated company's assets in any of its last three fiscal years, and

Relationship must be in the ordinary course of Duke Energy's or its subsidiary's business and on arm's-length terms.

The director or immediate family member is a nonmanagement director of a company that does business with Duke Energy or its subsidiaries or in which Duke Energy or its subsidiaries have an equity interest.

The business must be done in the ordinary course of Duke Energy's or its subsidiary's business and on arm's-length terms.

An immediate family member is an employee (other than an executive officer) of a company that does business with Duke Energy or its subsidiaries or in which Duke Energy or its subsidiaries have an equity interest.

If the immediate family member lives in the director's home, the business must be done in the ordinary course of Duke Energy's or its subsidiary's business and on arm's-length terms.

The director and his or her immediate family members together own 5% or less of a company that does business with Duke Energy or its subsidiaries or in which Duke Energy or its subsidiaries have an equity interest.

None

Charitable Relationships

Charitable donations or pledges are made by Duke Energy or its subsidiaries to a charity associated* with the director or immediate family member.

Donations and pledges must not result in payments exceeding the greater of \$100,000 and 2% of the charity's revenues in any of its last three fiscal years.

A charity associated* with the director or immediate family member is located within a service area of, and is provided with utility service by, Duke Energy or its subsidiaries.

Utility service must be provided in the ordinary course of the provider's business and at rates or charges fixed in conformity with law or governmental authority, or if the service is unregulated, on arm's-length terms.

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Payments for property or services are made between Duke Energy or its subsidiaries and a charity associated* with the director or immediate family member.

Relationships must be in the ordinary course of Duke Energy's or its subsidiary's business and on arm's-length terms or subject to competitive bidding.

*

An "associated" company or charity is one (a) for which the director or immediate family member is an officer, director, advisory board member, trustee, general partner, principal or employee, or (b) of which the director and immediate family members together own more than 5%.

For purposes of these standards, immediate family members include a director's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers-and sisters-in-law, and anyone (other than domestic employees) who shares the director's home. For purposes of the contribution relationship described under "Charitable Relationships" above, payments exclude amounts contributed or pledged to match employee contributions or pledges.

Board of Directors' Committees

The Board of Directors has the five standing committees described below:

The *Audit Committee* selects and retains a firm of independent public accountants to conduct audits of the accounts of Duke Energy and its subsidiaries. It also reviews with the independent public accountants the scope and results of their audits, as well as the accounting procedures, internal controls, and accounting and financial reporting policies and practices of Duke Energy and its subsidiaries, and makes reports and recommendations to the Board of Directors as it deems appropriate. The Audit Committee is responsible for approving all audit and permissible non-audit services provided to Duke Energy by its independent public accountants. Pursuant to this responsibility, the Audit Committee adopted the policy on Engaging External Auditor for Services, which provides that the Audit Committee will establish detailed services and related fee levels that may be provided by the independent public accountants and review such policy annually. See page 17 for additional information on the Audit Committee's pre-approval policy.

The Board of Directors has determined that Dr. Rhodes and Ms. Schapiro are "audit committee financial experts" as such term is defined in Item 401(h) of Regulation S-K. See above for a description of their business experience.

This Committee met 12 times in 2007. During 2007, the Audit Committee members were Mr. Cox (Chair), Mr. Barnet, Mr. Bernhardt, Dr. Rhodes and Ms. Schapiro. Currently, the members are Mr. Cox (Chair), Mr. Bernhardt, Dr. Rhodes, Ms. Schapiro and Dr. Sharp. Each of these members has been determined to be "independent" within the meaning of Sections 303A.02, 303A.06 and 303A.07 of the NYSE's listing standards and Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the company's categorical standards for independence. In addition, each of these members meets the expertise requirements for audit committee membership under the NYSE's rules and the rules and regulations of the Securities and Exchange Commission ("SEC").

The *Compensation Committee* establishes and reviews the overall compensation philosophy, reviews and approves the salaries and other compensation of certain employees, including all executive officers of Duke Energy, reviews and approves

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compensatory agreements with executive officers, approves equity grants and reviews the effectiveness of, and approves changes to, the compensation program. This Committee also makes recommendations to the Board of Directors on compensation for outside directors.

This Committee met 9 times in 2007. During 2007, the Compensation Committee members were Mr. Hance (Chair), Mr. Browning, Ms. Gray and Mr. Taft. Each of these members has been determined to be a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act, "independent" within the meaning of Section 303A.02 of the NYSE's listing standards and the company's categorical standards for independence, and an "outside director" under the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). Currently, the members are Mr. Hance (Chair), Mr. Browning, Mr. DiMicco, Ms. Gray and Mr. Taft. All current members are considered to be "independent" under the NYSE rules, "outside directors" within the meaning of Section 162(m) and, other than Mr. DiMicco, "non-employee directors" within the meaning of Rule 16b-3.

The *Corporate Governance Committee* considers matters related to corporate governance and formulates and periodically revises governance principles. It recommends the size and composition of the Board of Directors and its committees and recommends potential successors to the Chief Executive Officer. This committee also recommends to the Board of Directors the slate of nominees, including any nominees recommended by shareholders, for director for each year's annual meeting and, when vacancies occur, names of individuals who would make suitable directors of Duke Energy. This committee may engage an external search firm or third party to identify or evaluate or to assist in identifying or evaluating a potential nominee. The Committee also performs an annual evaluation of the performance of the Chief Executive Officer with input from the full Board of Directors.

This Committee met 7 times in 2007. During 2007, the Corporate Governance Committee members were Ms. Gray (Chair), Mr. Browning and Ms. Schapiro. Currently, the members are Ms. Gray (Chair), Mr. Browning, Mr. DiMicco and Ms. Schapiro. Each of these members has been determined to "independent" within the meaning of Section 303A.02 of the NYSE's listing standards and the company's categorical standards for independence.

The *Finance and Risk Management Committee* reviews Duke Energy's financial and fiscal affairs and makes recommendations to the Board of Directors regarding dividends, financing and fiscal policies. It reviews the financial exposure of Duke Energy, as well as mitigating strategies, reviews Duke Energy's risk exposure as related to overall company portfolio and impact on earnings and reviews the financial impacts of major transactions as related to mergers, acquisitions, reorganizations and divestitures.

This Committee met 7 times in 2007. During 2007, the Finance and Risk Management Committee members were Mr. Barnet (Chair), Mr. Browning, Ms. Gray and Mr. Hance. Currently, the members are Mr. Barnet (Chair), Mr. Browning, Ms. Gray, Mr. Hance and Mr. Taft.

The *Nuclear Oversight Committee* provides oversight of the nuclear safety, operational and financial performance, and long-term plans and strategies of Duke Energy's nuclear power

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program. The oversight role is one of review, observation and comment and in no way alters management authority, responsibility or accountability.

This Committee met 4 times in 2007. During 2007, the Nuclear Oversight Committee members were Dr. Rhodes (Chair), Mr. Barnet, Mr. Bernhardt and Mr. Taft. Currently, the members are Dr. Rhodes (Chair), Mr. Barnet, Mr. Bernhardt and Dr. Sharp.

Each committee operates under a written charter adopted by the Board of Directors. The charters are posted on our website at www.duke-energy.com/investors/corporate-governance.asp and are available in print to any shareholder upon request.

Board of Directors Committee Membership Roster (as of March 13, 2008)

Name	Audit	Compensation	Corporate Governance	Finance and Risk Management	Nuclear Oversight
William Barnet, III					X
G. Alex Bernhardt, Sr.	X				X
Michael G. Browning		X	X	X	
Phillip R. Cox					
Daniel R. DiMicco		X	X		
Ann Maynard Gray		X		X	
James H. Hance, Jr.				X	
James T. Rhodes	X				
James E. Rogers					
Mary L. Schapiro	X		X		
Philip R. Sharp	X				X
Dudley S. Taft		X		X	

Committee Chair

Directors' Compensation

Annual Retainer and Fees. Effective May 10, 2007, the retainer and meeting fees paid to our outside directors consisted of:

Type of Fee	Fee (Other Than for Meetings)	Meeting Fees		
		In-Person Attendance at Meetings Held in Conjunction With a Regular Board of Directors Meeting	In-Person Meetings Not Held in Conjunction With a Regular Board of Directors Meeting	Telephonic Participation in Meetings
Annual Board of Directors Retainer (Cash)	\$ 50,000			
Annual Board of Directors Retainer (Stock)	\$ 100,000			
Board of Directors Meeting Fees		\$ 2,000	\$ 2,500	\$ 2,000
Annual Lead Director Retainer	\$ 20,000			
Annual Audit Committee Chair Retainer	\$ 20,000			
Annual Chair Retainer (Other Committees)	\$ 8,500			
Audit Committee Meeting Fees		\$ 3,000	\$ 2,500	\$ 2,000
Nuclear Oversight Committee Meeting Fees		\$ 4,000	\$ 2,500	\$ 2,000
Other Committee Meeting Fees		\$ 2,000	\$ 2,500	\$ 2,000

Annual Stock Retainer for 2007. In May, 2007, the annual stock retainer was increased from \$75,000 to \$100,000. At that time, each director, other than Mr. DiMicco and Dr. Sharp, received 4,960 shares of stock as his or her annual stock retainer. Mr. DiMicco and Dr. Sharp, who joined the Board of Directors on October 25, 2007, received a prorated portion of the annual stock retainer amounting to 2,886 shares. The shares were granted under the Duke Energy Corporation 2006 Long-Term Incentive Plan.

Deferral Plans and Stock Purchases. Generally, directors may elect to receive all or a portion of their annual compensation, consisting of retainers and attendance fees, on a current basis, or defer such compensation under the Duke Energy Corporation Directors' Savings Plan. Deferred amounts are credited to an unfunded account for the director's benefit, the balance of which is adjusted for the performance of phantom investment options, including the Duke Energy common stock fund, as elected by the director. Each outside director will receive deferred amounts credited to his or her account generally following termination of his or her service from the Board of Directors, in accordance with his or her distribution elections.

Charitable Giving Program. Duke Energy maintains a Directors' Charitable Giving Program. Eligibility for this program has been frozen and only Ms. Gray is eligible. No director who is not currently eligible may become eligible in the future. Under this program, Duke Energy will make, upon the director's death, donations of up to \$1,000,000 to charitable organizations selected by the director. A director may request that donations be made under this program during the director's lifetime, in which case the maximum donation will be reduced on an actuarially-determined net present value basis. In 2007, no donations were made on behalf of our current directors. Duke

Energy maintains life insurance policies upon eligible directors to fund donations under the program. In addition, The Duke Energy Foundation, independent of Duke Energy, maintains The Duke Energy Foundation Matching Gifts Program under which directors (and current and retired employees) are eligible for matching contributions of up to \$5,000 per director per calendar year to qualifying institutions.

Expense Reimbursement and Insurance. Duke Energy provides travel insurance to directors, the amount of which was increased from \$250,000 to \$500,000 on May 10, 2007, and reimburses directors for expenses reasonably incurred in connection with attendance and participation at Board of Directors and Committee meetings and special functions.

Gifts. Duke Energy presented a holiday gift in 2007 to each independent director of the Board of Directors as of December 31, 2007. The aggregate cost of all the gifts was approximately \$4,114.

Stock Ownership Guidelines. Outside directors are subject to stock ownership guidelines which establish a target level of ownership of Duke Energy common stock (or common stock equivalents) of 4,000 shares. All directors whose stock ownership target date was on or before December 31, 2007, have met the ownership target.

The following table describes the compensation earned during 2007 by each individual who served as an outside director during 2007.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(2)	Option Awards (\$)(2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
William Barnet, III	104,083	120,870	0	0	619	225,572
G. Alex Bernhardt, Sr.	113,500	113,289	798	8,484	619	236,690
Michael G. Browning	104,500	99,944	0	0	5,619	210,063
Phillip R. Cox	111,000	99,944	0	0	619	211,563
Daniel R. DiMicco(1)	15,739	53,997	0	0	420	70,156
Ann Maynard Gray	152,000	134,215	798	0	1,869	288,882
James H. Hance, Jr.	99,000	120,870	0	0	619	220,489
James T. Rhodes	127,000	113,289	798	0	3,394	244,481
Mary L. Schapiro	103,000	99,944	0	0	5,619	208,563
Philip R. Sharp(1)	16,739	53,997	0	0	420	71,156
Dudley S. Taft	88,000	99,944	0	0	619	188,563

(1) Effective October 25, 2007, Mr. DiMicco and Dr. Sharp were appointed to the Board of Directors of Duke Energy.

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(2)

These columns reflect the aggregate dollar amount recognized for financial statement reporting purposes for 2007 with respect to the stock retainer and outstanding phantom share and option awards, and include amounts attributable to awards granted in prior years. The aggregate dollar amount was determined in accordance with the provision of Statement of Financial Accounting Standards (SFAS) No. 123R, Share-Based Payments (FAS 123R), but without regard to any estimate of forfeitures related to a service-based vesting condition. See Note 20 of the consolidated financial statements in Duke Energy's Form 10-K, as filed with the SEC for the year ended December 31, 2007 regarding assumptions underlying valuation of equity awards. The full grant date fair value of the fully vested shares of Duke Energy common stock granted to each director during 2007, with the exception of Mr. DiMicco and Dr. Sharp, computed in accordance with FAS 123R, is \$20.15, and the full grant date fair value of the shares granted to Mr. DiMicco and Dr. Sharp during 2007, computed in accordance with FAS 123R, is \$18.71. As of December 31, 2007, the aggregate number of outstanding option and phantom share awards, covering Duke Energy and Spectra Energy shares, for each director was as follows:

Name	Duke Energy Phantom Shares (#)	Spectra Energy Phantom Shares (#)	Duke Energy Stock Options (#)	Spectra Energy Stock Options (#)
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