

Duke Energy CORP  
Form S-4/A  
July 07, 2011  
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As filed with the Securities and Exchange Commission on July 7, 2011

Registration No. 333-172899

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**AMENDMENT NO. 5**  
**TO**  
**FORM S-4**  
**REGISTRATION STATEMENT**  
*UNDER*  
*THE SECURITIES ACT OF 1933*

**Duke Energy Corporation**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**4931**  
(Primary Standard Industrial  
Classification Code Number)

**20-2777218**  
(I.R.S. Employer  
Identification Number)

**526 South Church Street**  
**Charlotte, North Carolina 28202**  
**(704) 594-6200**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Marc E. Manly, Esq.**  
**Group Executive, Chief Legal Officer and Corporate Secretary**

**Duke Energy Corporation**  
**526 South Church Street**  
**Charlotte, North Carolina 28202**  
**(704) 594-6200**

(Name, address, including zip code, and telephone number, including area code, of agent for service)

*Copies to:*

**Steven A. Rosenblum, Esq.**  
**Wachtell, Lipton, Rosen & Katz**  
**51 West 52nd Street**  
**New York, New York 10019**  
**(212) 403-1000**

**John R. McArthur, Esq.**  
**Executive Vice President, General Counsel and**  
**Corporate Secretary**  
**Progress Energy, Inc.**  
**410 South Wilmington Street**  
**Raleigh, North Carolina 27601**  
**(919) 546-6111**

**James A. Jones III, Esq.**  
**Hunton & Williams LLP**  
**200 Park Avenue, 52nd Floor**  
**New York, New York 10166**  
**(212) 309-1000**

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**Approximate date of commencement of the proposed sale of the securities to the public:** As soon as practicable after this registration statement becomes effective and upon completion of the merger described in the enclosed document.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer     Accelerated filer     Non-accelerated filer     Smaller reporting company

(Do not check if a smaller reporting company)

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) "

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) "

**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to Section 8(a), may determine.**

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**Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted.**

**PRELIMINARY, SUBJECT TO COMPLETION, DATED JULY 7, 2011**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Dear Shareholders:

The board of directors of Duke Energy Corporation and the board of directors of Progress Energy, Inc. have agreed to a strategic combination of Duke Energy and Progress Energy under the terms of the Agreement and Plan of Merger, dated as of January 8, 2011, which we refer to as the merger agreement. If we complete the merger, Diamond Acquisition Corporation, a wholly-owned subsidiary of Duke Energy, which we refer to as Merger Sub, will merge with and into Progress Energy and Progress Energy will become a wholly-owned subsidiary of Duke Energy.

In the merger, Progress Energy shareholders will have the right to receive 2.6125 shares (to be adjusted as described below) of Duke Energy common stock, par value \$0.001 per share, for each share of Progress Energy common stock, no par value per share, held at the time of the merger, with cash to be paid in lieu of any fractional shares (other than those held in Progress Energy's Stock Purchase and Dividend Reinvestment Plan). We will adjust this exchange ratio proportionately to reflect the 1-for-3 reverse stock split with respect to the issued and outstanding Duke Energy common stock that Duke Energy plans to implement prior to, and conditioned on, the completion of the merger. The resulting adjusted exchange ratio will be 0.87083 of a share of Duke Energy common stock for each share of Progress Energy common stock. Each outstanding option to acquire, and each outstanding equity award relating to, one share of Progress Energy common stock will be converted into an option to acquire, or an equity award relating to, 2.6125 shares of Duke Energy common stock, as applicable, as adjusted for the reverse stock split as described above. Based on the number of shares of common stock of Duke Energy and Progress Energy outstanding on July 5, 2011, the record date for the two companies' special meetings of shareholders, and after giving effect to the reverse stock split, Duke Energy expects to issue approximately 256.5 million shares of Duke Energy common stock to Progress Energy shareholders. Based on these numbers, upon the completion of the merger, Duke Energy shareholders and former Progress Energy shareholders would own approximately 63% and 37% of the common stock of Duke Energy, respectively, which shares of Duke Energy common stock will be listed on the New York Stock Exchange.

Duke Energy and Progress Energy will each hold a special meeting of shareholders to consider the proposed merger. We cannot complete the merger unless the shareholders of both Duke Energy and Progress Energy approve the respective proposals related to the merger. Your vote is very important, regardless of the number of shares you own. **Whether or not you expect to attend your company's special meeting in person, please vote your shares as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on your proxy card or (3) signing all proxy cards that you receive and returning them in the postage-paid envelopes provided, so that your shares may be represented and voted at the Duke Energy or Progress Energy special meeting, as applicable. You may revoke your proxy at any time before the vote at the special meeting by following the procedures outlined in the accompanying joint proxy statement/prospectus.**

We look forward to the successful combination of Duke Energy and Progress Energy.

Sincerely,

James E. Rogers

Sincerely,

William D. Johnson

Chairman, President and Chief Executive Officer

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Chairman, President and Chief Executive Officer

Progress Energy, Inc.

Duke Energy Corporation

The obligations of Duke Energy and Progress Energy to complete the merger are subject to the satisfaction or waiver of several conditions set forth in the merger agreement. More information about Duke Energy, Progress Energy, the special meetings, the merger agreement and the merger is contained in the accompanying joint proxy statement/prospectus. **Duke Energy and Progress Energy encourage you to read the entire joint proxy statement/prospectus carefully, including the section entitled RISK FACTORS beginning on page 20.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the merger and other transactions described in the joint proxy statement/prospectus, nor have they approved or disapproved the issuance of the Duke Energy common stock in connection with the merger, or determined if the joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

This document is dated July 7, 2011, and is first being mailed to the shareholders of Duke Energy and Progress Energy on or about July 11, 2011.

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**DUKE ENERGY CORPORATION**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON AUGUST 23, 2011**

To the Shareholders of Duke Energy Corporation:

We will hold a special meeting of the shareholders of Duke Energy Corporation on August 23, 2011 at 10:00 a.m., Eastern time, in the O.J. Miller Auditorium in the Energy Center located at 526 South Church Street in Charlotte, North Carolina 28202, to consider and vote upon:

- (i) a proposal to approve the amendment of the amended and restated certificate of incorporation of Duke Energy Corporation to provide for a 1-for-3 reverse stock split with respect to the issued and outstanding Duke Energy common stock in connection with the merger contemplated by the Agreement and Plan of Merger, dated as of January 8, 2011, by and among Duke Energy Corporation, Diamond Acquisition Corporation, a wholly-owned subsidiary of Duke Energy Corporation, and Progress Energy, Inc., a copy of which is included as Annex A to the joint proxy statement/prospectus attached to this notice, as such agreement may be amended from time to time and which we refer to as the merger agreement, subject to the Duke Energy board of directors' authority to not complete such amendment if the merger agreement is terminated or the merger is otherwise abandoned (we refer to this proposal as the reverse stock split proposal );
  - (ii) a proposal to approve the issuance of Duke Energy common stock, par value \$0.001 per share, to Progress Energy, Inc. shareholders in connection with the merger contemplated by the merger agreement (we refer to this proposal as the share issuance proposal ); and
  - (iii) a proposal to adjourn the special meeting of the shareholders of Duke Energy, if necessary, to solicit additional proxies if there are not sufficient votes to approve either of the proposals above (we refer to this proposal as the Duke Energy adjournment proposal ).
- If Duke Energy and Progress Energy do not complete the merger, Duke Energy will not amend its amended and restated certificate of incorporation to effect the reverse stock split contemplated by the reverse stock split proposal, notwithstanding that Duke Energy's shareholders may have previously approved the reverse stock split proposal. Please refer to the attached joint proxy statement/prospectus and the merger agreement for further information with respect to the business to be transacted at the special meeting of Duke Energy shareholders. We expect to transact no other business at the special meeting, except for business properly brought before the special meeting.

Only holders of record of shares of Duke Energy common stock at the close of business on July 5, 2011, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting. A list of these shareholders will be available for inspection by any Duke Energy shareholder, for any purpose germane to the Duke Energy special meeting, at such meeting.

We cannot complete the merger described in the joint proxy statement/prospectus unless (i) holders of at least a majority of all shares of Duke Energy common stock outstanding on the record date for the Duke Energy special meeting vote in favor of the reverse stock split proposal and (ii) holders of at least a majority of the shares of Duke Energy common stock voting on the share issuance proposal approve the proposal, provided that the total votes cast on the proposal (including abstentions) must represent a majority of the shares of Duke Energy common stock outstanding on the record date for the Duke Energy special meeting.

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The Duke Energy board of directors unanimously recommends that the Duke Energy shareholders vote **FOR** the reverse stock split proposal, the share issuance proposal and the Duke Energy adjournment proposal. For a discussion of interests of Duke Energy's directors and executive officers in the merger that may be different from, or in addition to, the interests of Duke Energy's shareholders generally, see disclosure included in the joint proxy/statement prospectus attached to this notice under the heading **The Merger Interests of Directors and Executive Officers in the Merger** Interests of Directors and Executive Officers of Duke Energy in the Merger. Whether or not you expect to attend the Duke Energy special meeting in person, please vote your shares as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on your proxy card or (3) signing all proxy cards that you receive and returning them in the postage-paid envelopes provided, so that your shares may be represented and voted at the Duke Energy special meeting. If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction form furnished by the record holder.

By Order of the Board of Directors,

Name: Marc E. Manly, Esq.  
Title: Group Executive, Chief Legal Officer and  
Corporate Secretary

Charlotte, North Carolina

July 7, 2011

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**PROGRESS ENERGY, INC.**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON AUGUST 23, 2011**

To the Shareholders of Progress Energy, Inc.:

We will hold a special meeting of the shareholders of Progress Energy, Inc., on August 23, 2011 at 11:00 a.m., Eastern time, in the Progress Energy Center for the Performing Arts located at 2 East South Street in Raleigh, North Carolina 27601, to consider and vote upon:

- (i) a proposal to approve the plan of merger contained in the Agreement and Plan of Merger, dated as of January 8, 2011, by and among Duke Energy Corporation, Diamond Acquisition Corporation, a wholly-owned subsidiary of Duke Energy Corporation, and Progress Energy, Inc., a copy of which is included as Annex A to the joint proxy statement/prospectus attached to this notice, as such agreement may be amended from time to time and which we refer to as the merger agreement, pursuant to which Diamond Acquisition Corporation will be merged with and into Progress Energy and each outstanding share of common stock of Progress Energy will be converted into the right to receive 2.6125 shares of common stock of Duke Energy, subject to adjustment to reflect the 1-for-3 reverse stock split with respect to the issued and outstanding Duke Energy common stock that Duke Energy plans to implement prior to, and conditioned on, the completion of the merger, resulting in an adjusted exchange ratio of 0.87083, with cash to be paid in lieu of any fractional shares other than those held in Progress Energy's Direct Stock Purchase and Dividend Reinvestment Plan (we refer to this proposal as the merger proposal); and
- (ii) a proposal to adjourn the special meeting of the shareholders of Progress Energy, if necessary, to solicit additional proxies if there are not sufficient votes to approve the merger proposal (we refer to this proposal as the Progress Energy adjournment proposal).

Based on the closing price of Duke Energy common stock on the New York Stock Exchange, or the NYSE, on January 7, 2011, the last trading day before the public announcement of the execution of the merger agreement, the 2.6125 exchange ratio (prior to adjustment for the reverse stock split) represented approximately \$46.48 in Duke Energy common stock for each share of Progress Energy common stock. Based on the closing price of Duke Energy common stock on the NYSE on July 5, 2011, the last practicable date before the date of this document, the unadjusted 2.6125 exchange ratio represented approximately \$49.82 in Duke Energy common stock for each share of Progress Energy common stock. If the proposals are accepted, and other conditions are met, Duke Energy shareholders will continue to own their existing shares of Duke Energy common stock, adjusted for the reverse stock split.

Please refer to the attached joint proxy statement/prospectus and the merger agreement for further information with respect to the business to be transacted at the special meeting of Progress Energy shareholders. We expect to transact no other business at the special meeting, except for business properly brought before the Progress Energy special meeting and any adjournment or postponement of the Progress Energy special meeting.

Only holders of record of shares of Progress Energy common stock at the close of business on July 5, 2011, the record date for the special meeting, are entitled to notice of, and to vote at, the special meeting and any adjournments or postponements of the special meeting. A list of these shareholders will be available for inspection by any Progress Energy shareholder, for any purpose germane to the Progress Energy special meeting, at such meeting.

We cannot complete the merger described in the joint proxy statement/prospectus unless holders of at least a majority of all shares of Progress Energy common stock outstanding on the record date for the Progress Energy special meeting vote in favor of the merger proposal.



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**The Progress Energy board of directors unanimously recommends that the Progress Energy shareholders vote FOR the merger proposal and the Progress Energy adjournment proposal. For a discussion of interests of Progress Energy's directors and executive officers in the merger that may be different from, or in addition to, the interests of Progress Energy's shareholders generally, see disclosure included in the joint proxy/statement prospectus attached to this notice under the heading The Merger Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of Progress Energy in the Merger. Whether or not you expect to attend the Progress Energy special meeting in person, please vote your shares as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on your proxy card or (3) signing all proxy cards that you receive and returning them in the postage-paid envelopes provided, so that your shares may be represented and voted at the Progress Energy special meeting. If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction form furnished by the record holder.**

Do not send any share certificates at this time. If we complete the merger, we will notify you of the procedures for exchanging Progress Energy share certificates for shares of Duke Energy Corporation.

By Order of the Board of Directors,

Name: John R. McArthur  
Title: Executive Vice President, General Counsel and  
Corporate Secretary

Raleigh, North Carolina

July 7, 2011

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Annex F	<u>Form of Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Duke Energy Corporation</u>

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**ADDITIONAL INFORMATION**

This document incorporates important business and financial information about Duke Energy and Progress Energy from other documents that we have not included in or delivered with this document. This information is available for you to read and copy at the Securities and Exchange Commission's Public Reference Room located at 100 F Street, N.E., Room 1580, Washington, DC 20549, and through the SEC's website, [www.sec.gov](http://www.sec.gov). You can also obtain those documents incorporated by reference into this document free of charge by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

**Duke Energy Corporation**

shareholders should contact

Georgeson Inc.

199 Water Street, 26th Floor

New York, New York 10038

Shareholders call toll free: (800) 509-0984

Banks and brokers call collect: (212) 440-9800

Investors may also consult Duke Energy's or Progress Energy's websites for more information concerning the merger described in this document. Duke Energy's website is [www.duke-energy.com](http://www.duke-energy.com). Progress Energy's website is [www.progress-energy.com](http://www.progress-energy.com). Information included on these websites is not incorporated by reference into this document.

**Progress Energy, Inc.**

shareholders should contact

Innisfree M&A Incorporated

501 Madison Avenue, 20th floor

New York, New York 10022

Shareholders call toll-free: (877) 750-9499

Banks and brokers call collect: (212) 750-5833

**If you would like to request documents, please do so by August 16, 2011 in order to receive them before the special meetings.**

For more information, see "Where You Can Find More Information" beginning on page 173.

**VOTING BY INTERNET, TELEPHONE OR MAIL**

***Duke Energy shareholders of record may submit their proxies by:***

*Internet.* You can vote over the Internet by accessing the website shown on your proxy card and following the instructions on the website. Internet voting is available 24 hours a day.

*Telephone.* You can vote by telephone by calling the toll-free number shown on your proxy card. Telephone voting is available 24 hours a day.

*Mail.* You can vote by mail by completing, signing, dating and mailing your proxy card(s) in the postage-paid envelope included with this document.

***Progress Energy shareholders of record may submit their proxies by:***

*Internet.* You can vote over the Internet by accessing the website shown on your proxy card and following the instructions on the website. Internet voting is available 24 hours a day.

*Telephone.* You can vote by telephone by calling the toll-free number shown on your proxy card. Telephone voting is available 24 hours a day.

*Mail.* You can vote by mail by completing, signing, dating and mailing your proxy card(s) in the postage-paid envelope included with this document.

***If you are not the holder of record:***

If you hold your shares through a bank, broker, custodian or other record holder, please refer to your proxy card or voting instruction form or the information forwarded by your bank, broker, custodian or other record holder to see which options are available to you.



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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE SPECIAL MEETINGS**

*The following are answers to some questions that you, as a shareholder of Duke Energy Corporation or Progress Energy, Inc., may have regarding the merger and the other matters being considered at the special meeting of Duke Energy shareholders and at the special meeting of Progress Energy shareholders. Duke Energy and Progress Energy urge you to read carefully this entire document because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the special meetings. We also include additional important information in the annexes to and the documents incorporated by reference into this document.*

**Q: Why am I receiving this document?**

A: The Duke Energy and Progress Energy boards of directors are using this document to solicit proxies of Duke Energy and Progress Energy shareholders in connection with the merger agreement and the merger. In addition, we are using this document as a prospectus for Progress Energy shareholders because Duke Energy is offering shares of its common stock to be issued in exchange for shares of Progress Energy common stock in the merger.

In order to complete the merger, Duke Energy shareholders must vote to approve (i) an amendment to the amended and restated certificate of incorporation of Duke Energy providing for a 1-for-3 reverse stock split with respect to the issued and outstanding Duke Energy common stock prior to, and conditioned on, the completion of the merger and (ii) the issuance of new shares of Duke Energy common stock in connection with the merger. In addition, in order to complete the merger, Progress Energy shareholders must vote to approve the merger agreement.

Duke Energy and Progress Energy will hold separate special meetings of shareholders to obtain these approvals. This document contains important information about the merger agreement, the merger and the special meetings of the shareholders of Duke Energy and Progress Energy, and you should read it carefully. The enclosed voting materials allow you to vote your shares without attending your respective meetings in person.

Your vote is important. We encourage you to vote as soon as possible.

**Q: When and where are the meetings of the shareholders?**

A: The special meeting of Duke Energy shareholders will take place at 10:00 a.m., Eastern time, on August 23, 2011, in the O.J. Miller Auditorium located at 526 South Church Street, Charlotte, North Carolina 28202.

The special meeting of Progress Energy shareholders will take place at 11:00 a.m., Eastern time, on August 23, 2011, in the Progress Energy Center for the Performing Arts located at 2 East South Street in Raleigh, North Carolina 27601.

We provide additional information relating to the Duke Energy and Progress Energy special meetings on pages 30 and 40 respectively.

**Q: Who can vote at the special meetings?**

A: If you are a Duke Energy shareholder of record as of the close of business on July 5, 2011, the record date for the Duke Energy special meeting, you are entitled to receive notice of and to vote at the Duke Energy special meeting.

If you are a Progress Energy shareholder of record as of the close of business on July 5, 2011, the record date for the Progress Energy special meeting, you are entitled to receive notice of and to vote at the Progress Energy special meeting.





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### **Q: How do I vote?**

A: If you are a shareholder of record of Duke Energy as of the record date for the Duke Energy special meeting or a shareholder of record of Progress Energy as of the record date for the Progress Energy special meeting, you may vote by:

accessing the Internet website specified on your proxy card;

calling the toll-free number specified on your proxy card; or

signing the enclosed proxy card and returning it in the postage-paid envelope provided.

You may also cast your vote in person at your respective company's special meeting. If you hold Duke Energy common stock or Progress Energy common stock in street name through a bank, broker or other nominee, please follow the voting instructions provided by your bank, broker or other nominee to ensure that your shares are represented at your special meeting. Shareholders that hold shares through a bank, broker, custodian or other record holder who wish to vote at the meeting will need to obtain a legal proxy from their bank, broker or other nominee.

### **Q: What will happen in the proposed merger?**

A: Prior to entering into the merger agreement, Duke Energy formed a new North Carolina corporation, Diamond Acquisition Corporation. If we complete the merger, Diamond Acquisition Corporation will merge with and into Progress Energy, as a result of which Progress Energy will become a wholly-owned subsidiary of Duke Energy.

We provide additional information on the merger under the heading *The Merger*, beginning on page 46.

### **Q: What will I receive for my shares?**

A: Upon completion of the merger, each share of Progress Energy common stock that you own immediately prior to the completion of the merger will be converted into the right to receive 0.87083 of a share of Duke Energy common stock together with cash in lieu of fractional shares (other than shares held in Progress Energy's Direct Stock Purchase and Dividend Reinvestment Plan, or the Progress Energy dividend reinvestment plan). This is equal to the exchange ratio provided in the merger agreement adjusted to reflect the reverse stock split that is discussed below. The exchange ratio will not be adjusted as a result of any changes in the trading prices of Duke Energy common stock or Progress Energy common stock. Each outstanding option to acquire, and each outstanding equity award relating to, one share of Progress Energy common stock will be converted into an option to acquire, or an equity award relating to, 0.87083 of a share of Duke Energy common stock, as applicable. Each share of Duke Energy common stock that you own immediately prior to the completion of the merger will be adjusted for the reverse stock split if the merger is completed. We provide additional information on the consideration to be received in the merger under the heading *The Merger Agreement Merger Consideration*, beginning on page 127, and additional information on the reverse stock split under the heading *Proposals Submitted to Duke Energy's Shareholders The Reverse Stock Split Proposal*, beginning on page 35.

### **Q: What is the reverse stock split?**

A: Duke Energy is proposing that the Duke Energy shareholders approve an amendment to Duke Energy's amended and restated certificate of incorporation providing for a 1-for-3 reverse stock split with respect to the issued and outstanding Duke Energy common stock in connection with the merger. If the Duke Energy shareholders approve this reverse stock split proposal and the reverse stock split is

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effected, then every three issued and outstanding shares of Duke Energy common stock would be combined and reclassified into one share of Duke Energy common stock. Immediately following the reverse stock split, each Duke Energy shareholder will own a reduced number of shares of Duke Energy common stock. The reverse stock split will happen at the same time for every Duke Energy shareholder, will affect every Duke Energy shareholder

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uniformly and will not change any Duke Energy shareholder's percentage ownership interest or relative voting rights in Duke Energy (other than to the extent that the reverse stock split would result in any Duke Energy shareholder owning a fractional share, because cash will be paid in lieu of fractional shares other than those held in participant accounts under the Duke Energy Investor/Direct Choice Plan, which we refer to as the Duke Energy dividend reinvestment plan). The reverse stock split would not change the number of authorized shares of Duke Energy common stock. As we explain below, while there can be no assurance as to Duke Energy's future valuation or stock price, the reverse stock split should not in itself change the overall valuation of Duke Energy, the value of a Duke Energy shareholder's investment or the value of the consideration Progress Energy shareholders expect to receive in the merger.

**Q: Why is Duke Energy doing a reverse stock split?**

A: The reverse stock split will ensure that Duke Energy has a sufficient number of authorized shares of Duke Energy common stock to complete the merger.

**Q: What is the impact on the Duke Energy shareholder from the reverse stock split?**

A: It is important to remember that this action should NOT affect the value of your ownership in Duke Energy. When the 1-for-3 reverse stock split occurs, Duke Energy's stock price, dividends and earnings per share should all increase by a factor of three. The following is an illustrative example for a shareholder owning 300 shares of Duke Energy common stock prior to the Duke Energy reverse stock split.

	<b>Pre-split</b>	<b>Post-split</b>
Number of shares	300	100
Illustrative share price	\$ 18	\$ 54
Investment value	\$ 5,400	\$ 5,400
Illustrative dividends per share	\$ 1	\$ 3
Dividends received	\$ 300	\$ 300

We cannot guarantee that the Duke Energy reverse stock split will proportionately increase the market price of Duke Energy common stock. Further, the Duke Energy board of directors, in its sole discretion, may change the company's dividend policy in the future. In the Duke Energy reverse stock split, Duke Energy expects to pay cash in lieu of any fractional shares other than those held in the Duke Energy dividend reinvestment plan.

**Q: For the Progress Energy shareholder, what is the impact of the Duke Energy reverse stock split?**

A: You will receive one-third of the number of Duke Energy shares in the transaction that you would have received on a pre-split basis; however, those shares should be valued at a price per share that is three times greater. Please see the illustrative example above, and note that we cannot assure you that the market price of Duke Energy common stock will increase in proportion to the Duke Energy reverse stock split, or that Duke Energy will maintain the same dividend policy in the future.

**Q: How was the adjusted exchange ratio of 0.87083 of a share of Duke Energy common stock for each share of Progress Energy common stock derived?**

A: The merger agreement provides that, in the event of a 1-for-3 reverse stock split, the exchange ratio of 2.6125 shares of Duke Energy common stock for each share of Progress Energy common stock will be divided by three, resulting in an adjusted exchange ratio of 0.87083 of a share of Duke Energy common stock for each share of Progress Energy common stock.



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**Q: Why have Duke Energy and Progress Energy decided to merge?**

A: Duke Energy and Progress Energy believe that the combination will provide substantial strategic and financial benefits to their shareholders, employees and customers. We expect these benefits will include:

increased financial strength and flexibility;

customer benefits in North Carolina and South Carolina from savings related to fuel and joint dispatch of the combined entity's generation base;

efficiencies to help Duke Energy mitigate future rate increases for the combined entity's customers;

other non-fuel related efficiencies from the leveraging of operational and customer service best practices that Duke Energy and Progress Energy believe will lower costs and increase service levels to customers;

a larger, more diverse and better positioned regulated utility business;

a stronger position to build new nuclear generating facilities, which we believe utilities located in the southeast United States will need to consider undertaking to comply with the requirements of future carbon emission restrictions and other environmental legislation; and

an enhanced ability to grow the regulated business, provide consistent and predictable earnings and cash flows, support dividend payments and maintain balance sheet strength.

We include additional information on the reasons for the merger and other factors considered by the Duke Energy and Progress Energy boards of directors under the headings "The Merger" Duke Energy's Reasons for the Merger and Recommendation of Duke Energy's Board of Directors and "Progress Energy's Reasons for the Merger and Recommendation of Progress Energy's Board of Directors," beginning on pages 59 and 80 respectively.

**Q: What will Jim Rogers' role be with Duke Energy following completion of the merger? What will Bill Johnson's role be?**

A: Duke Energy and Progress Energy have agreed that Mr. Rogers will serve as executive chairman of the board of directors of Duke Energy and Mr. Johnson will serve as president and chief executive officer of Duke Energy following the completion of the merger.

We provide additional information on the senior management of Duke Energy following the completion of the merger under the heading "The Merger" Continuing Board and Management Positions, beginning on page 112.

**Q: Who will serve on the board of directors of Duke Energy following the completion of the merger?**

A: The merger agreement provides that Duke Energy will increase the size of its board of directors to 18 directors upon completion of the merger. The board will consist of 11 designees of Duke Energy and seven designees of Progress Energy. Duke Energy expects that each of

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its 11 current directors, including Mr. Rogers, will continue serving on its board upon the completion of the merger, subject to such individuals' ability and willingness to serve. Progress Energy expects that the following current members of the Progress Energy board of directors will serve on the board of directors of Duke Energy, subject to such individuals' ability and willingness to serve: Mr. Johnson, John D. Baker II, Harris E. DeLoach, Jr., James B. Hylar, Jr., E. Marie McKee, Carlos A. Saladrigas and Theresa M. Stone. Standing committees of the board of directors of Duke Energy will consist of each of Duke Energy's existing standing committees with the addition of a Regulatory Policy and Operations Committee. The merger agreement provides that Duke Energy will designate an individual to serve as the lead independent director of Duke Energy, following reasonable consultation with Progress Energy and subject to such individual's ability and willingness to serve.

We provide additional information on the board of directors of Duke Energy following the completion of the merger under the heading "The Merger - Continuing Board and Management Positions," beginning on page 112.

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**Q: Where will Duke Energy be headquartered following the completion of the merger?**

A: Duke Energy will maintain its current headquarters in Charlotte, North Carolina, following the completion of the merger. Duke Energy will also maintain substantial operations in Raleigh, North Carolina.

**Q: What vote is required to approve the merger?**

A: In order to complete the merger,

the merger proposal must be approved by the holders of at least a majority of the outstanding shares of Progress Energy common stock;

the share issuance proposal must be approved by the holders of at least a majority of the shares of Duke Energy common stock voting on that proposal, provided that a majority of the outstanding shares of Duke Energy common stock vote on that proposal; and

the reverse stock split proposal must be approved by the holders of at least a majority of the outstanding shares of Duke Energy common stock.

Each of the shareholder approvals listed above must be obtained to complete the merger. If you are a Duke Energy shareholder and fail to vote, it will have the same effect as a vote against the reverse stock split proposal that is required to complete the merger. If you are a Progress Energy shareholder and fail to vote, it will have the same effect as a vote against the merger proposal that is required to complete the merger. Your vote is important.

As of July 5, 2011, the record date for the special meetings of shareholders of Duke Energy and Progress Energy, less than 1% of the outstanding shares of Duke Energy common stock were owned by the directors and executive officers of Duke Energy, and less than 1% of the outstanding shares of Progress Energy common stock were owned by the directors and executive officers of Progress Energy.

We provide additional information on the shareholder approvals required to complete the merger under the headings *The Duke Energy Special Meeting* and *The Progress Energy Special Meeting*, beginning on pages 30 and 40 respectively.

**Q: If I hold my shares in street name through my broker, will my broker vote my shares for me?**

A: If you hold your shares in a stock brokerage account or through a bank or other nominee (that is, in street name), you must provide the record holder of your shares with instructions on how to vote your shares. Please follow the voting instructions provided by your broker or other nominee. You may not vote shares held in street name by returning a proxy card directly to Duke Energy or Progress Energy or by voting in person at your special meeting unless you provide a legal proxy, which you must obtain from your broker or other nominee. Further, brokers who hold shares of Duke Energy common stock or Progress Energy common stock on behalf of their customers may not give a proxy to Duke Energy or Progress Energy to vote those shares without specific instructions from their customers.

If you are a Duke Energy shareholder and you do not instruct your broker on how to vote your shares, your broker may not vote your shares on the proposals to approve the reverse stock split, to approve the share issuance proposal or to approve the Duke Energy adjournment proposal. We refer to this as a broker non-vote. For a Duke Energy shareholder, a broker non-vote:

will have the same effect as a vote against the reverse stock split proposal;

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will have no effect on the share issuance proposal, but may make it more difficult to meet the NYSE requirement that the total votes cast on such proposal (including abstentions) represent a majority of the shares of Duke Energy common stock outstanding as of the Duke Energy record date; and

will have no effect on the Duke Energy adjournment proposal.



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If you are a Progress Energy shareholder and you do not instruct your broker on how to vote your shares, your broker may not vote your shares on the merger proposal or the Progress Energy adjournment proposal. For a Progress Energy shareholder, a broker non-vote:

will have the same effect as a vote against the merger proposal; and

will have no effect on the Progress Energy adjournment proposal.

### **Q: What will happen to my future dividends?**

A: During the period until the completion of the merger, the parties have agreed in the merger agreement that Progress Energy will not increase its \$0.62 per share regular quarterly cash dividend without the prior written consent of Duke Energy and Duke Energy may, without the consent of Progress Energy, increase its current \$0.25 per share regularly quarterly cash dividend to \$0.255 per share commencing with the regular quarterly dividend that would be payable with respect to the second quarter of 2012.

After the merger, we currently expect that Duke Energy will continue its dividend policy in effect at the time of the merger.

We provide additional information on Duke Energy's expected dividend policy under the heading "The Merger - Dividends," beginning on page 114.

### **Q: What do I need to do now?**

A: After carefully reading and considering the information contained or incorporated by reference into this document, please vote your proxy by telephone or Internet, or by completing and signing your proxy card and returning it in the enclosed postage-paid envelope as soon as possible so that your shares may be represented at your special meeting. In order to ensure that your vote is recorded, please vote your proxy as instructed on your proxy card even if you currently plan to attend your special meeting in person. Please do not send in your share certificates now. If we complete the merger, (i) Duke Energy shareholders at the effective time of the reverse stock split will receive instructions as to what to do with their pre-reverse stock split Duke Energy share certificates and (ii) former Progress Energy shareholders will receive instructions as to what to do with their share certificates formerly representing Progress Energy common stock.

We provide additional information on voting procedures under the headings "The Duke Energy Special Meeting - How to Vote" and "The Progress Energy Special Meeting - How to Vote," beginning on pages 32 and 42 respectively.

### **Q: How will my proxy be voted?**

A: If you vote by telephone, by Internet, or by completing, signing, dating and returning your signed proxy card, your proxy will be voted in accordance with your instructions. If you sign, date, and send your proxy card and do not indicate how you want to vote on any particular proposal, we will vote your shares in favor of that proposal.

We provide additional information on voting procedures under the headings "The Duke Energy Special Meeting - Voting of Proxies" and "The Progress Energy Special Meeting - Voting of Proxies," beginning on pages 32 and 41 respectively.

### **Q: May I vote in person?**

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- A: Yes. If you are a shareholder of record of Duke Energy common stock or of Progress Energy common stock at the close of business on July 5, 2011, you may attend your special meeting and vote your shares in person, in lieu of submitting your proxy by telephone, Internet or returning your signed proxy card. If you hold your shares through a bank, broker, custodian or other record holder, you must provide a legal proxy at the special meeting, which you must obtain from your broker or other nominee.

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### **Q: What must I bring to attend my special meeting?**

A: Only shareholders of Duke Energy or Progress Energy, as the case may be, or their authorized representatives, may attend the special meeting. If you wish to attend your special meeting, bring your proxy or your voter information form. You must also bring photo identification. If you hold your shares through a bank, broker, custodian or other record holder, you must also bring proof of ownership such as the voting instruction form from your broker or other nominee, or an account statement.

### **Q: What does it mean if I receive more than one set of materials?**

A: This means you own shares of both Duke Energy and Progress Energy common stock or you own shares of Duke Energy or Progress Energy common stock that are registered under different names. For example, you may own some shares directly as a shareholder of record and other shares through a broker or you may own shares through more than one broker. In these situations, you will receive multiple sets of proxy materials. You must vote, sign and return all of the proxy cards or follow the instructions for any alternative voting procedure on each of the proxy cards you receive in order to vote all of the shares you own. Each proxy card you receive will come with its own postage-paid return envelope; if you vote by mail, make sure you return each proxy card in the return envelope that accompanied that proxy card.

### **Q: What do I do if I want to change my vote?**

A: Send a later-dated, signed proxy card so that we receive it prior to your company's special meeting or attend your company's special meeting in person and vote. You may also revoke your proxy card by sending a notice of revocation that we receive prior to your company's special meeting to your company's Corporate Secretary at the address under the heading "Summary The Companies" beginning on page 1. You may also change your vote by telephone or Internet. You may change your vote by using any one of these methods regardless of the procedure used to cast your previous vote.

We provide additional information on changing your vote under the headings "The Duke Energy Special Meeting Revoking Your Proxy" and "The Progress Energy Special Meeting Revoking Your Proxy," beginning on pages 33 and 43, respectively.

### **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, as amended. Because the plan trustee must process voting instructions from participants before the date of the Duke Energy special meeting, we urge you to deliver your instructions no later than August 18, 2011.

### **Q: As a participant in the Progress Energy 401(k) Savings & Stock Ownership Plan, how do I vote shares held in my plan account?**

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- A: If you are a participant in this plan, the plan trustee will vote the Progress Energy shares allocated to your plan account only if you execute and return your proxy card, or vote by telephone or via the Internet. Plan participants must provide voting instructions on or before 11:59 p.m. Eastern Daylight Time on August 18, 2011. Any Progress Energy shares allocated to your plan account for which voting instructions are not provided by this time will not be voted and this will have the same effect as being voted against the merger proposal.

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**Q: As a participant in the Savings Plan for Employees of Florida Progress Corporation, how do I vote shares held in my plan account?**

A: If you are a participant in this plan, the plan trustee will vote the Progress Energy shares allocated to your plan account when you execute and return your proxy card, or vote by telephone or via the Internet. Plan participants must provide voting instructions on or before 11:59 p.m. Eastern Daylight Time on August 18, 2011. If you do not give direction, your shares will be voted in proportion with how the shares held in the plan (for which the plan trustee has received voting directions from other plan participants) are voted and in the best interest of the plan.

**Q: Should I send in my share certificates now?**

A: No. If we complete the merger:

we will send Duke Energy shareholders at the effective time of the reverse stock split written instructions for exchanging certificates representing their pre-reverse stock split shares. We will issue the appropriate number of shares of Duke Energy common stock to you in uncertificated book-entry form unless the holder requests a physical certificate; and

we will send former shareholders of Progress Energy written instructions for exchanging their share certificates. We will issue shares of Duke Energy common stock to former holders of Progress Energy common stock in uncertificated book-entry form unless the holder requests a physical certificate.

**Q: When do you expect to complete the merger?**

A: The companies are targeting a closing by the end of 2011, although we cannot assure completion by any particular date. Completion of the merger is conditioned upon the approval of the merger-related matters by shareholders of both Duke Energy and Progress Energy, as well as other customary closing conditions, including the expiration or termination of any applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Other necessary regulatory approvals include: the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the North Carolina Utilities Commission, the South Carolina Public Service Commission, the Kentucky Public Service Commission and the Federal Communications Commission. Please see [Regulatory Matters](#), beginning on page 121.

**Q: Do I have dissenters or appraisal rights as a holder of Progress Energy common stock?**

A: No, dissenters' rights under the North Carolina Business Corporation Act, also referred to as appraisal rights, will not be available to holders of Progress Energy common stock given the structure of the merger and the nature of the consideration that Progress Energy shareholders would receive.

**Q: How can I find more information about Duke Energy and Progress Energy?**

A: For more information about Duke Energy and Progress Energy, see the section of this document entitled [Where You Can Find More Information](#), beginning on page 173.



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**Q: Who can answer any questions I may have about the special meetings or the merger?**

A: Duke Energy and Progress Energy shareholders who have questions about the merger or the other matters to be voted on at the special meetings or desire additional copies of this document or additional proxy cards should contact:

**if you are a Duke Energy shareholder:**

Georgeson Inc.  
199 Water Street, 26th Floor  
New York, New York 10038  
Shareholders call toll free: (800) 509-0984  
Banks and brokers call collect: (212) 440-9800

**if you are a Progress Energy shareholder:**

Innisfree M&A, Incorporated  
501 Madison Avenue, 20th floor  
New York, New York 10022  
Shareholders call toll-free: (877) 750-9499  
Banks and brokers call collect: (212) 750-5833

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**SUMMARY**

**This summary highlights selected information contained in this document and may not contain all of the information that is important to you. For a more complete description of the merger agreement and the merger, and for other relevant information, you should carefully read this entire document and the other documents to which we have referred you. See **Where You Can Find More Information** beginning on page 173. We include page references to direct you to a more complete description of the topics presented in this summary.**

**The Companies**

***Duke Energy Corporation (see page 28)***

526 South Church Street

Charlotte, North Carolina 28202

(704) 594-6200

Duke Energy, together with its subsidiaries, is a diversified energy company with both regulated and unregulated utility operations. Duke Energy supplies, delivers and processes energy for customers in the United States and selected international markets. Duke Energy's regulated utility operations consist of its U.S. franchised electric and gas segment, which owns approximately 27,000 megawatts of generating capacity and serves approximately four million customers located in five states in the southeast and midwest regions of the United States, representing a population of approximately 12 million people. Duke Energy's commercial power and international business segments own and operate diverse power generation assets in North America and Latin America, including a portfolio of renewable energy assets in the United States.

For the year ended December 31, 2010, Duke Energy had total revenues of \$14.3 billion and net income of \$1.3 billion. Duke Energy's consolidated assets as of December 31, 2010 were \$59.1 billion. Duke Energy's common stock is listed and trades on the NYSE under the symbol DUK.

***Progress Energy, Inc. (see page 28)***

410 South Wilmington Street

Raleigh, North Carolina 27601

(919) 546-6111

Progress Energy is a public utility holding company primarily engaged in the regulated electric utility business. Progress Energy owns, directly or indirectly, all of the outstanding common stock of its utility subsidiaries, Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., or Progress Energy Carolinas, and Florida Power Corporation d/b/a Progress Energy Florida, Inc., or Progress Energy Florida. Progress Energy's utility business has more than 22,000 megawatts of regulated electric generating capacity and serves approximately 3.1 million retail electric customers as well as other load-serving entities.

For the year ended December 31, 2010, Progress Energy had total revenues of \$10.2 billion and net income of \$863 million. Progress Energy's consolidated assets as of December 31, 2010 were \$33.1 billion. Progress Energy's common stock is listed and trades on the NYSE under the symbol PGN.

***Diamond Acquisition Corporation (see page 29)***

Diamond Acquisition Corporation is a North Carolina corporation and a wholly-owned subsidiary of Duke Energy. Diamond Acquisition Corporation was formed on January 6, 2011, for the purpose of effecting the merger. Diamond Acquisition Corporation has not conducted any activities other than those incidental to its formation and the matters contemplated in the merger agreement.





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### **Risk Factors**

Before deciding whether to vote for the proposals presented in this document, you should carefully consider all of the information contained in or incorporated by reference into this document, as well as the specific factors under the heading "Risk Factors" beginning on page 20.

### **The Merger (see page 46)**

Upon completion of the merger, Diamond Acquisition Corporation will merge with and into Progress Energy. Progress Energy will be the surviving corporation in the merger and will thereby become a wholly-owned subsidiary of Duke Energy.

In the merger, each outstanding share of Progress Energy common stock (other than certain shares owned by Progress Energy, Duke Energy, or Diamond Acquisition Corporation, which will be cancelled) will be converted into the right to receive shares of Duke Energy common stock, with cash to be paid in lieu of fractional shares (other than in respect of shares held in the Progress Energy dividend reinvestment plan). The merger agreement provides for an exchange ratio of 0.87083 of a share of Duke Energy common stock for each share of Progress Energy common stock, after giving effect to a 1-for-3 reverse stock split with respect to the Duke Energy common stock that Duke Energy plans to implement before the merger. Duke Energy shareholders will continue to own their existing shares of Duke Energy common stock, after adjustment for the reverse stock split.

Based on the number of shares of Duke Energy common stock and Progress Energy common stock outstanding on July 5, 2011, the record date for the two companies' special meetings of shareholders, existing Duke Energy shareholders would own approximately 63% of the common stock of Duke Energy and former Progress Energy shareholders would own approximately 37% of the common stock of Duke Energy upon the completion of the merger.

Upon completion of the merger, Mr. Rogers, the current chairman, president and chief executive officer of Duke Energy, will serve as the executive chairman of the board of directors of Duke Energy, and Mr. Johnson, the current chairman, president and chief executive officer of Progress Energy, will serve as the president and chief executive officer of Duke Energy, subject to their ability and willingness to serve. Both Mr. Rogers and Mr. Johnson would serve on the board of directors of Duke Energy upon completion of the merger, which at that time will be comprised of 18 members, with 11 members designated by Duke Energy and seven members designated by Progress Energy.

The combined company will maintain Duke Energy's current headquarters in Charlotte, North Carolina, following the completion of the merger. Duke Energy will also maintain substantial operations in Raleigh, North Carolina. Until the merger has received all necessary approvals and is completed, Duke Energy and Progress Energy will continue operating as separate entities. The companies are targeting to complete the merger by the end of 2011, subject to receipt of the necessary shareholder and regulatory approvals, although we cannot assure completion by any particular date.

### **Recommendation of the Board of Directors of Duke Energy (see page 59)**

The Duke Energy board of directors unanimously recommends that the holders of Duke Energy common stock vote **FOR** the reverse stock split proposal, the share issuance proposal and the Duke Energy adjournment proposal.

For a more complete description of Duke Energy's reasons for the merger and the recommendation of the Duke Energy board of directors, see "The Merger" Duke Energy's Reasons for the Merger and Recommendation of Duke Energy's Board of Directors" beginning on page 59. For a discussion of interests of Duke Energy's directors and executive officers in the merger that may be different from, or in addition to, the

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interests of Duke Energy's shareholders generally, see *The Merger* Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of Duke Energy in the Merger, beginning on page 107.

### **Recommendation of the Board of Directors of Progress Energy (see page 80)**

The Progress Energy board of directors unanimously recommends that the holders of Progress Energy common stock vote **FOR** the merger proposal and the Progress Energy adjournment proposal.

For a more complete description of Progress Energy's reasons for the merger and the recommendation of the Progress Energy board of directors, see *The Merger* Progress Energy's Reasons for the Merger and Recommendation of Progress Energy's Board of Directors beginning on page 80. For a discussion of interests of Progress Energy's directors and executive officers in the merger that may be different from, or in addition to, the interests of Progress Energy's shareholders generally, see *The Merger* Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of Progress Energy in the Merger, beginning on page 108.

### **Opinions of Financial Advisors**

#### *Opinions of Financial Advisors to Duke Energy (see page 65)*

*Opinion of J.P. Morgan Securities LLC.* In connection with the execution of the merger agreement, the Duke Energy board of directors received an opinion, dated January 8, 2011, from Duke Energy's financial advisor, J.P. Morgan Securities LLC, or J.P. Morgan, as to the fairness, from a financial point of view and as of such date, to Duke Energy of the exchange ratio provided for in the merger agreement. For purposes of J.P. Morgan's opinion, the exchange ratio refers to the 2.6125 exchange ratio provided for in the merger agreement before adjustment for the Duke Energy reverse stock split that Duke Energy plans to effect prior to the completion of the merger as to which reverse stock split J.P. Morgan expressed no opinion. The full text of the written opinion of J.P. Morgan dated January 8, 2011, which sets forth, among other things, the assumptions made, procedures followed, matters considered, and qualifications and limitations on the opinion and the review undertaken by J.P. Morgan in connection with rendering its opinion, is included as Annex B to this document and is incorporated by reference herein in its entirety. You are encouraged to read the opinion and the description beginning on pages B-1 and 65, respectively, carefully in their entirety. This summary and the description of the opinion beginning on page 65 are qualified in their entirety by reference to the full text of the opinion. **J.P. Morgan provided its written opinion to the Duke Energy board of directors (in its capacity as such) in connection with and for purposes of its evaluation of the exchange ratio. J.P. Morgan's opinion was limited to the fairness, from a financial point of view, to Duke Energy of the exchange ratio in the merger agreement and J.P. Morgan expressed no opinion as to any other matter. The opinion does not constitute a recommendation to any shareholder as to how any shareholder should vote with respect to the merger or any other matter.**

*Opinion of BofA Merrill Lynch.* In connection with the execution of the merger agreement, Merrill Lynch, Pierce, Fenner & Smith Incorporated, or BofA Merrill Lynch, financial advisor to the Duke Energy board of directors, delivered to the Duke Energy board of directors at its meeting on January 8, 2011, an opinion as to the fairness, from a financial point of view and as of the date of the opinion, to Duke Energy of the exchange ratio provided for in the merger agreement. For purposes of BofA Merrill Lynch's opinion, the exchange ratio refers to the 2.6125 exchange ratio provided for in the merger agreement before adjustment for the Duke Energy reverse stock split that Duke Energy plans to effect prior to the completion of the merger, as to which reverse stock split BofA Merrill Lynch expressed no opinion. The full text of the written opinion of BofA Merrill Lynch, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by BofA Merrill Lynch, is attached as Annex C to this document and is incorporated by reference herein in its entirety. You are encouraged to read the opinion and the description beginning on page C-1 carefully in their entirety. This summary and the description of the opinion beginning on page 71 are

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qualified in their entirety by reference to the full text of the opinion. **BofA Merrill Lynch provided its opinion to the Duke Energy board of directors (in its capacity as such) for the benefit and use of the Duke Energy board of directors in connection with and for purposes of its evaluation of the exchange ratio from a financial point of view. BofA Merrill Lynch's opinion does not address any other aspect of the merger and does not constitute a recommendation to any shareholder as to how to vote or act in connection with the merger or any other matter.**

***Opinions of Financial Advisors to Progress Energy (see page 86)***

***Opinion of Lazard Frères & Co. LLC.*** In connection with the execution of the merger agreement, on January 8, 2011, Lazard Frères & Co. LLC, or Lazard, delivered its opinion to the Progress Energy board of directors that, as of such date, and based upon and subject to the assumptions, procedures, factors, qualifications and limitations set forth therein, the exchange ratio was fair, from a financial point of view, to holders of Progress Energy common stock. For purposes of Lazard's opinion, the exchange ratio refers to the 2.6125 exchange ratio provided for in the merger agreement before adjustment for the Duke Energy reverse stock split that Duke Energy plans to effect prior to the completion of the merger, as to which reverse stock split Lazard expressed no opinion. The full text of Lazard's written opinion, dated January 8, 2011, which sets forth the assumptions made, procedures followed, factors considered and qualifications and limitations on the review undertaken by Lazard in connection with its opinion, is attached to this document as Annex D and is incorporated by reference herein in its entirety. You are encouraged to read Lazard's opinion and the description beginning on page D-1 carefully and in their entirety. This summary and the description of the opinion beginning on page 86 are qualified in their entirety by reference to the full text of the opinion. **Lazard's opinion was directed to the Progress Energy board of directors for the information and assistance of the Progress Energy board of directors in connection with its evaluation of the merger and addressed only the fairness as of the date of the opinion, from a financial point of view, of the exchange ratio to holders of Progress Energy common stock. Lazard's opinion was not intended to, and does not, constitute a recommendation to any shareholder as to how such shareholder should vote or act with respect to the merger or any matter relating thereto.**

***Opinion of Barclays Capital Inc.*** In connection with the execution of the merger agreement, on January 8, 2011, Barclays Capital Inc., or Barclays Capital, rendered its oral opinion (which Barclays Capital subsequently confirmed in writing) to the Progress Energy board of directors that, as of such date and based upon and subject to the qualifications, limitations and assumptions stated in its opinion, from a financial point of view, the exchange ratio was fair to shareholders of Progress Energy. The full text of Barclays Capital's written opinion, dated as of January 8, 2011, is attached as Annex E to this document and is incorporated by reference herein in its entirety. Barclays Capital's written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Barclays Capital in rendering its opinion. You are encouraged to read the opinion and the description beginning on page E-1 carefully and in their entirety. This summary and the description of the opinion beginning on page 97 are qualified in their entirety by reference to the full text of the opinion. **Barclays Capital's opinion, the issuance of which was approved by Barclays Capital's fairness opinion committee, is addressed to the Progress Energy board of directors, addresses only the fairness, from a financial point of view, of the exchange ratio to the Progress Energy shareholders and does not constitute a recommendation to any shareholder of Progress Energy as to how such shareholder should vote with respect to the merger or any other matter.**

**Interests of Directors and Executive Officers in the Merger (see page 107)**

***Duke Energy***

Some of Duke Energy's directors and executive officers have financial interests in the merger that may be different from, or in addition to, the interests of Duke Energy shareholders generally. The Duke Energy board of directors was aware of and considered these potential interests, among other matters, in evaluating and

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negotiating the merger agreement and the merger, in approving the merger agreement and in recommending the approval of the reverse stock split proposal, the share issuance proposal and the Duke Energy adjournment proposal.

As provided in the merger agreement, at the completion of the merger, the Duke Energy board of directors will include 11 directors designated by Duke Energy and seven directors designated by Progress Energy. Mr. Rogers, the current chairman, president and chief executive officer of Duke Energy, will serve as the executive chairman of the Duke Energy board of directors upon the completion of the merger, subject to his ability and willingness to serve. The merger agreement also provides that certain executive officers of Duke Energy at the time the parties signed the merger agreement may continue to be executive officers of Duke Energy at the time the merger is completed. The continuing management of Duke Energy following completion of the merger is described under the heading *The Merger Continuing Board and Management Positions*, beginning on page 112.

Please see *The Merger Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of Duke Energy in the Merger* beginning on page 107 for additional information about these interests.

### ***Progress Energy***

Progress Energy's directors and executive officers have financial interests in the merger that may be different from, or in addition to, the interests of Progress Energy's shareholders generally. The board of directors of Progress Energy was aware of and considered these potential interests, among other matters, in evaluating and negotiating the merger agreement and the merger, in adopting the merger agreement and in recommending the approval of the merger proposal and the Progress Energy adjournment proposal.

As provided in the merger agreement, at the completion of the merger, the Duke Energy board of directors will include seven directors designated by Progress Energy (after consultation with Duke Energy). Mr. Johnson, the current chairman, president and chief executive officer of Progress Energy, will serve as the president and chief executive officer of Duke Energy upon the completion of the merger, subject to his ability and willingness to serve. See *The Merger Continuing Board and Management Positions* beginning on page 112. In connection with the execution of the merger agreement, Duke Energy, Diamond Acquisition Corporation and Mr. Johnson executed a term sheet in which the parties agreed to enter into a new employment agreement.

Executive officers of Progress Energy will not receive any compensation solely on account of the completion of the merger. Outstanding options to purchase shares of Progress Energy common stock and outstanding awards of restricted stock, restricted stock units and performance shares will be converted into Duke Energy common stock options and other awards that will remain subject to the original vesting requirements under the applicable Progress Energy plan, i.e., the vesting of the options and other awards will not be accelerated on account of the completion of the merger. The outstanding annual incentive awards of executive officers of Progress Energy also will remain subject to the original vesting requirements and will remain subject to performance criteria. As soon as practicable after the completion of the merger, the compensation committee of the Duke Energy board of directors will adjust the original performance criteria for such awards as it determines is appropriate and equitable to reflect the merger, Progress Energy's performance prior to completion of the merger and the performance criteria of awards made to similarly situated Duke Energy employees.

Additionally, although each of Messrs. Johnson, Yates, Lyash, McArthur and Mulhern will be entitled to severance benefits under the Progress Energy Management Change-in-Control Plan, or the Progress Energy CIC Plan, if their employment is terminated without cause or they resign with good reason within 24 months after completion of the merger, certain provisions of Mr. Johnson's term sheet and letter agreement waivers executed by each of Messrs. Yates, Lyash, McArthur and Mulhern, among other things, limit the executives' eligibility to

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receive those benefits. In addition, Mr. Johnson's term sheet provides for the waiver of his right to receive the excise tax gross-up otherwise payable under the Progress Energy CIC Plan on any severance payment he receives.

A member of the board of directors of Progress Energy is an employee of J.P. Morgan, which firm acted as financial advisor to Duke Energy with respect to the merger. Such member has informed the board of directors of Progress Energy that he did not have any involvement in J.P. Morgan's engagement with Duke Energy in connection with the merger, and that his compensation would not be directly related to that engagement.

Please see "The Merger - Interests of Directors and Executive Officers in the Merger - Interests of Directors and Executive Officers of Progress Energy in the Merger" beginning on page 108 for additional information about these interests.

### **The Management of Duke Energy Following the Completion of the Merger (see page 112)**

The merger agreement provides that William D. Johnson will serve as the president and chief executive officer of Duke Energy and James E. Rogers will serve as the executive chairman of the board of directors of Duke Energy, in each case as of the completion of the merger and subject to such individual's ability and willingness to serve.

The merger agreement also provides that, subject to such individuals' ability and willingness to serve, the following individuals will be the senior officers of Duke Energy upon completion of the merger:

Lynn J. Good, currently group executive and chief financial officer of Duke Energy, will continue as chief financial officer;

Dhiaa M. Jamil, currently group executive, chief generation officer and chief nuclear officer of Duke Energy, will lead nuclear generation;

Jeffrey J. Lyash, currently executive vice president of energy supply of Progress Energy, will lead energy supply;

Marc E. Manly, currently group executive, chief legal officer and corporate secretary of Duke Energy, will be general counsel and corporate secretary;

John R. McArthur, currently executive vice president, general counsel and corporate secretary of Progress Energy, will lead regulated utilities;

Mark F. Mulhern, currently senior vice president and chief financial officer of Progress Energy, will be chief administrative officer;

B. Keith Trent, currently group executive and president of commercial businesses of Duke Energy, will lead commercial businesses;

Jennifer L. Weber, currently group executive - human resources and corporate relations of Duke Energy, will lead human resources; and

Lloyd M. Yates, currently president and chief executive officer of Progress Energy Carolinas, will lead customer operations.

### **The Merger Agreement (see page 126)**

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We include the merger agreement as Annex A to this document. We encourage you to read carefully the merger agreement in its entirety. It is the principal document governing the merger and the other related transactions.

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***Conditions to the Completion of the Merger (see page 129)***

We expect to complete the merger after all of the conditions to the merger in the merger agreement are satisfied or waived, including after Duke Energy and Progress Energy receive shareholder approvals at their respective special meetings of shareholders and receive all required regulatory approvals.

The obligation of each of Duke Energy and Progress Energy to complete the merger is subject to the satisfaction or waiver of a number of customary conditions, including the following:

the approval by Progress Energy shareholders of the merger proposal;

the approval by Duke Energy shareholders of the reverse stock split proposal and the share issuance proposal;

the absence of governmental action preventing the completion of the merger;

the effectiveness of the registration statement on Form S-4 of which this document is a part;

the approval for listing on the NYSE, subject to official notice of issuance, of the shares of Duke Energy common stock that will be issued pursuant to the merger agreement;

the effectiveness of the amendment of the amended and restated certificate of incorporation of Duke Energy providing for the reverse stock split;

the truth and accuracy of the representations and warranties of the other party, except where the failure to be true and accurate could not reasonably be expected to have a material adverse effect on such other party;

the performance in all material respects of the other party's obligations under the merger agreement;

the receipt by each party of written opinions from the party's legal counsel, dated as of the closing date, to the effect that the merger will qualify as a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code;

the receipt of all of the statutory approvals required to complete the merger, free of any condition that, if effected, would have a material adverse effect on the expected benefits for either company or cause a material reduction in the expected benefits for either party's shareholders and the absence of any other regulatory order that would have such effect; and

the absence since December 31, 2009 of any undisclosed change, event, occurrence or development that, individually or in the aggregate, has had or could reasonably be expected to have a material adverse effect on the other party.

***Termination of the Merger Agreement (see page 131)***



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Generally, the merger agreement may be terminated at any time prior to the completion of the merger, whether before or (unless otherwise noted below) after the receipt of the necessary shareholder approvals, under the following circumstances:

by mutual written consent of Duke Energy and Progress Energy;

by either Duke Energy or Progress Energy:

if the merger has not been completed by January 8, 2012, provided that this right to terminate the merger agreement is not available to any party whose failure to perform any of its obligations under the merger agreement results in the failure of the merger to be completed by that date and provided that either party may extend the date on which this termination right would arise by up to an additional six months if the only unsatisfied conditions to completion of the merger are the receipt of required statutory approvals;

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if either the Duke Energy shareholders or the Progress Energy shareholders do not give the approval required by the merger agreement for completion of the merger;

if any final and nonappealable order or injunction by any federal or state court of competent jurisdiction preventing completion of the merger, or applicable federal or state law prohibiting completion of the merger, is in effect, provided that the party seeking termination has used its reasonable best efforts to prevent the entry of and to remove the prohibition;

if certain conditions to the terminating party's obligation to close the merger become incapable of satisfaction prior to the otherwise applicable termination date (whether initial or extended) other than by reason of a material breach by the party seeking to terminate the merger agreement;

if the other party breaches the merger agreement or fails to perform its obligations in any material respect, which breach or failure to perform (a) would give rise to the failure of a condition to the terminating party's obligation to complete the merger and (b) is incapable of being cured or is not cured within 60 days following receipt of written notice from the non-breaching party of the breach or failure to perform; or

prior to obtaining the requisite shareholder approvals for completion of the merger, in response to a superior third-party takeover proposal involving the terminating party, so long as certain additional conditions are met, including payment of a termination fee to the non-terminating party.

Either party may also terminate the merger agreement prior to the shareholder approval of the other party being obtained, if the board of directors of the other party:

withdraws or modifies, or proposes publicly to withdraw or modify, its approval or recommendation of the merger proposal, in the case of Progress Energy, or the share issuance proposal and reverse stock split proposal, in the case of Duke Energy;

fails to reaffirm its approval or recommendation within 15 business days of receipt of a written request for reaffirmation by the other party when such party is in receipt of a third-party takeover proposal that has not been rejected, provided that the 15-business day period will be extended for an additional ten business days following any material modification to the third-party takeover proposal occurring after the receipt of the written request to reaffirm, and that the 15-business day period will recommence each time a third-party takeover proposal is made following the receipt of a written request from the other party from a person that had not previously made a third-party takeover proposal prior to the receipt of the written request from the other party; or

approves or recommends, or proposes to approve or recommend, a third-party takeover proposal.

***Termination Fees; Reimbursement of Expenses (see page 132)***

Under certain circumstances involving a third-party acquisition proposal, a change in a board of directors' recommendation of the proposals contained in this document or a termination of the merger agreement by the other party due to a breach of the merger agreement, Duke Energy or Progress Energy may be required, subject to certain conditions, to (i) reimburse the other party for its fees and expenses in an amount not to exceed \$30 million and/or (ii) pay a termination fee of \$675 million, in the case of a termination fee payable by Duke Energy to Progress Energy, or a termination fee of \$400 million, in the case of a termination fee payable by Progress Energy to Duke Energy, provided that any termination fee payable will be reduced by the amount of any fees and expenses previously reimbursed by such party.

***No Solicitation; Board Recommendation (see page 134)***

The merger agreement restricts the ability of either Duke Energy or Progress Energy to directly or indirectly, solicit, initiate, knowingly encourage or engage in discussions with a third-party regarding a third-



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party takeover proposal of Duke Energy or Progress Energy, respectively. If, however, either party, as applicable, receives an unsolicited takeover proposal from a third-party that, prior to receipt of its respective shareholder approvals required to complete the merger, such party's board of directors determines in good faith, after consultation with such party's legal and financial advisors, constitutes a superior proposal or is reasonably likely to result in a superior proposal, that party may furnish information to the third-party and engage in discussions or negotiations regarding a takeover proposal with the third-party, subject to specified conditions. The board of directors of either Duke Energy or Progress Energy may also withdraw its approval or recommendation of the proposals described in this document, subject to certain conditions, if such board first determines in good faith, after consulting with outside counsel, that the failure to take such action would be reasonably likely to result in a breach of the board of directors' fiduciary duties under applicable law.

### **Accounting Treatment (see page 118)**

Duke Energy prepares its financial statements in accordance with accounting principles generally accepted in the United States, which we refer to as GAAP. The merger will be accounted for by applying the acquisition method with Duke Energy treated as the acquiror.

### **Material U.S. Federal Income Tax Consequences of the Reverse Stock Split (see page 37)**

Duke Energy intends for the reverse stock split to qualify as a recapitalization within the meaning of Section 368(a) of the Code for U.S. federal income tax purposes. On the basis that the reverse stock split so qualifies, Duke Energy shareholders whose pre-reverse stock split shares of Duke Energy common stock are exchanged in the reverse stock split will not recognize gain or loss for U.S. federal income tax purposes, except to the extent of cash, if any, received in lieu of a fractional share of Duke Energy common stock (which fractional share will be treated as received and then exchanged for such cash).

The discussion of material U.S. federal income tax consequences of the reverse stock split contained in this document is intended to provide only a general summary and is not a complete analysis or description of all potential U.S. federal income tax consequences of the reverse stock split. The discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address the effects of any foreign, state or local tax laws.

**Duke Energy shareholders are strongly urged to consult with their tax advisors regarding the tax consequences of the reverse stock split to them, including the effects of U.S. federal, state, local, foreign and other tax laws.**

For additional information, please see [Proposals Submitted to Duke Energy's Shareholders - The Reverse Stock Split Proposal - Material U.S. Federal Income Tax Consequences of the Reverse Stock Split](#) beginning on page 37.

### **Material U.S. Federal Income Tax Consequences of the Merger (see page 114)**

It is a condition to the obligation of Progress Energy to complete the merger that Progress Energy receive a written opinion from Hunton & Williams LLP, counsel to Progress Energy, dated as of the closing date, to the effect that the merger will qualify as a reorganization under Section 368(a) of the Code. It is a condition to the obligation of Duke Energy to effect the merger that Duke Energy receive a written opinion from Wachtell, Lipton, Rosen & Katz, counsel to Duke Energy, dated as of the closing date, to the effect that the merger will qualify as a reorganization under Section 368(a) of the Code. In addition, in connection with the effective registration statement, each of Hunton & Williams LLP and Wachtell, Lipton, Rosen & Katz has delivered an opinion to Progress Energy and Duke Energy, respectively, to the same effect as the opinions described above and to the effect that a U.S. holder of Progress Energy common stock whose shares of Progress Energy common

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stock are converted into the right to receive shares of Duke Energy common stock in the merger generally will not recognize gain or loss, except to the extent of cash, if any, received in lieu of a fractional share of Duke Energy common stock.

The discussion of material U.S. federal income tax consequences of the merger contained in this document is intended to provide only a general summary and is not a complete analysis or description of all potential U.S. federal income tax consequences of the merger. The discussion does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, it does not address the effects of any foreign, state or local tax laws.

**Progress Energy shareholders are strongly urged to consult with their tax advisors regarding the tax consequences of the merger to them, including the effects of U.S. federal, state, local, foreign and other tax laws.**

For additional information, please see *The Merger Material U.S. Federal Income Tax Consequences of the Merger* beginning on page 114.

### **Regulatory Matters (see page 121)**

To complete the merger, Duke Energy and Progress Energy must obtain approvals or consents from, or make filings with, a number of United States federal and state public utility, antitrust and other regulatory authorities. The material United States federal and state approvals, consents and filings include the following:

the expiration or early termination of certain waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act and the related rules and regulations, which provide that certain acquisition transactions may not be completed until required information has been furnished to the Antitrust Division of the Department of Justice and the Federal Trade Commission;

authorization from the Federal Energy Regulatory Commission under the Federal Power Act;

approval from the Nuclear Regulatory Commission under the Atomic Energy Act of 1954;

approval from the North Carolina Utilities Commission under Section 62-111(a) of the North Carolina General Statutes;

approval from the Kentucky Public Service Commission; and

approval from the South Carolina Public Service Commission.

Duke Energy and Progress Energy will also provide information regarding the merger to their other state regulators as applicable and as requested. Finally, the transfer of indirect control over certain Federal Communications Commission, or FCC, licenses for private internal communications held by certain subsidiaries of Progress Energy will require the approval of the FCC.

Duke Energy and Progress Energy have made or intend to make various filings and submissions for the above-mentioned authorizations and approvals. Duke Energy and Progress Energy will seek to complete the merger by the end of 2011. Although Duke Energy and Progress Energy believe that they will receive the required consents and approvals described above to complete the merger, we cannot give any assurance as to the timing of these consents and approvals or as to Duke Energy's and Progress Energy's ultimate ability to obtain such consents or approvals (or any additional consents or approvals which may otherwise become necessary). We also cannot ensure that we will obtain such consents or approvals on terms and subject to conditions satisfactory to Duke Energy and Progress Energy. Please see *Regulatory Matters*, beginning on page 121, for additional information about these matters.



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### **Effect on Awards Outstanding Under Progress Energy Stock Plans (see page 119)**

At the effective time of the merger, each option to purchase shares of Progress Energy common stock that was granted under the Progress Energy employee stock option plans and that is outstanding immediately prior to the effective time of the merger will be converted into an option to acquire a number of shares of Duke Energy common stock equal to the number of shares of Progress Energy common stock subject to the Progress Energy stock option immediately prior to the effective time of the merger multiplied by the exchange ratio, as adjusted to reflect the reverse stock split, rounded down to the nearest whole share of Duke Energy common stock, with an exercise price per share of Duke Energy common stock equal to the exercise price per share under such Progress Energy stock option divided by the exchange ratio, as adjusted to reflect the reverse stock split, rounded up to the nearest cent. Also upon completion of the merger, each Progress Energy restricted share, Progress Energy restricted stock unit, Progress Energy performance share or other Progress Energy equity award will be converted into an award in respect of a number of shares of Duke Energy common stock equal to the number of shares of Progress Energy common stock represented by such award multiplied by the exchange ratio, as adjusted to reflect the reverse stock split.

Except as set forth above, each converted Progress Energy stock option, Progress Energy restricted share, Progress Energy restricted stock unit, Progress Energy performance share or other Progress Energy equity award will be subject to the same terms and conditions, including vesting, as were applicable to the corresponding Progress Energy stock option, Progress Energy restricted share, Progress Energy restricted stock unit, Progress Energy performance share or other Progress Energy equity award immediately prior to the effective time of the merger. However, the compensation committee of the Duke Energy board of directors will as soon as practicable after the effective time of the merger adjust the performance measures applicable to performance shares as it determines is appropriate and equitable to reflect the performance of Progress Energy during the performance measurement period prior to the effective time of the merger, the transactions undertaken pursuant to the merger agreement and the performance measures under awards made to similarly situated Duke Energy employees for the same or comparable performance cycle.

### **Legal Proceedings Related to the Merger (see page 116)**

Duke Energy and Progress Energy are aware of eleven purported class action lawsuits that plaintiffs had filed against Progress Energy, each member of Progress Energy's board of directors, Duke Energy and Diamond Acquisition Corporation in connection with the merger. Among other things, the lawsuits seek injunctive relief that would prevent completion of the merger in accordance with the terms of the merger agreement. Both Duke Energy and Progress Energy believe the lawsuits are without merit. The plaintiffs brought ten of the cases in the North Carolina state courts and one in the U.S. District Court for the Eastern District of North Carolina.

We provide additional information on legal proceedings related to the merger beginning on page 116.

### **Comparison of Shareholder Rights (see page 159)**

Progress Energy is a North Carolina corporation. Duke Energy is a Delaware corporation. The shares of Duke Energy common stock that Progress Energy shareholders will receive in the merger will be shares of a Delaware corporation. Progress Energy shareholder rights under North Carolina law and Duke Energy shareholder rights under Delaware law are different. In addition, Duke Energy's amended and restated certificate of incorporation and its amended and restated by-laws contain provisions that are different from Progress Energy's amended and restated articles of incorporation and by-laws, each as amended.

For a summary of certain differences between the rights of Duke Energy shareholders and Progress Energy shareholders, see Comparison of Shareholder Rights, beginning on page 159.

**Table of Contents****SELECTED HISTORICAL FINANCIAL DATA OF DUKE ENERGY**

The following table sets forth selected consolidated financial information for Duke Energy. Duke Energy derived the selected statement of operations data for the three months ended March 31, 2011 and March 31, 2010 and the selected balance sheet data as of March 31, 2011 and March 31, 2010 from Duke Energy's unaudited condensed consolidated financial statements. Duke Energy derived the selected statement of operations data for each of the years in the five year period ended December 31, 2010 and the selected balance sheet data as of December 31 for each of the five years in the period ended December 31, 2010 from Duke Energy's consolidated audited financial statements. The following information is only a summary and is not necessarily indicative of the results of future operations of Duke Energy or the combined company, and you should read the information together with Duke Energy's consolidated financial statements, the notes related thereto and management's related reports on Duke Energy's financial condition and performance, all of which are contained in Duke Energy's reports filed with the SEC and incorporated herein by reference. See "Where You Can Find More Information" beginning on page 173 of this document.

	Unaudited as of and for the Three Months Ended March 31,		As of and for the Years Ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
(in millions, except per share amounts)							
<b>Statement of Operations</b>							
Total operating revenues	\$ 3,663	\$ 3,594	\$ 14,272	\$ 12,731	\$ 13,207	\$ 12,720	\$ 10,607
Total operating expenses	2,859	2,835	11,964	10,518	10,765	10,222	9,210
Gains on sales of investments in commercial and multi-family real estate							201
Gains (losses) on sales of other assets and other, net	10	2	153	36	69	(5)	223
Operating income	814	761	2,461	2,249	2,511	2,493	1,821
Total other income and expenses	151	120	589	333	121	428	354
Interest expense	219	210	840	751	741	685	632
Income from continuing operations before income taxes	746	671	2,210	1,831	1,891	2,236	1,543
Income tax expense from continuing operations	233	226	890	758	616	712	450
Income from continuing operations	513	445	1,320	1,073	1,275	1,524	1,093
Income (loss) from discontinued operations, net of tax			3	12	16	(22)	783
Income before Extraordinary Items	513	445	1,323	1,085	1,291	1,502	1,876
Extraordinary items, net of tax					67		
Net income	513	445	1,323	1,085	1,358	1,502	1,876
Net income (loss) attributable to noncontrolling interests	2		3	10	(4)	2	13
Net income attributable to Duke Energy Corporation	\$ 511	\$ 445	\$ 1,320	\$ 1,075	\$ 1,362	\$ 1,500	\$ 1,863
<b>Common Stock Data</b>							
Income per share from continuing operations attributable to Duke Energy Corporation common shareholders							
Basic	\$ 0.38	\$ 0.34	\$ 1.00	\$ 0.82	\$ 1.01	\$ 1.21	\$ 0.92
Diluted	0.38	0.34	1.00	0.82	1.01	1.20	0.91
Income (loss) per share from discontinued operations attributable to Duke Energy Corporation common shareholders							
Basic	\$	\$	\$	\$ 0.01	\$ 0.02	\$ (0.02)	\$ 0.67
Diluted				0.01	0.01	(0.02)	0.66
Earnings per share (before extraordinary items)							
Basic	\$ 0.38	\$ 0.34	\$ 1.00	\$ 0.83	\$ 1.03	\$ 1.19	\$ 1.59
Diluted	0.38	0.34	1.00	0.83	1.02	1.18	1.57
Earnings per share (from extraordinary items)							
Basic	\$	\$	\$	\$	\$ 0.05	\$	\$
Diluted					0.05		



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Net income per share attributable to Duke Energy Corporation common shareholders							
Basic	\$ 0.38	\$ 0.34	\$ 1.00	\$ 0.83	\$ 1.08	\$ 1.19	\$ 1.59
Diluted	0.38	0.34	1.00	0.83	1.07	1.18	1.57
Dividends per share <sup>(a)</sup>	0.245	0.24	0.97	0.94	0.90	0.86	1.26
<b>Balance Sheet</b>							
Total assets	\$ 58,986	\$ 57,633	\$ 59,090	\$ 57,040	\$ 53,077	\$ 49,686	\$ 68,700
Long-term debt including capital leases and VIEs, less current maturities	\$ 17,226	\$ 16,279	\$ 17,935	\$ 16,113	\$ 13,250	\$ 9,498	\$ 18,118

- (a) 2007 decrease due to the spin-off of the natural gas businesses to shareholders on January 2, 2007 as dividends subsequent to the spin-off were split proportionately between Duke Energy and Spectra Energy Corp. such that the sum of the dividends of the two stand-alone companies approximated the total dividend of Duke Energy prior to the spin-off.

**Table of Contents****SELECTED HISTORICAL FINANCIAL DATA OF PROGRESS ENERGY**

The following table sets forth selected consolidated financial information for Progress Energy. Progress Energy derived the selected statement of operations data for the three months ended March 31, 2011 and March 31, 2010 and the selected balance sheet data as of March 31, 2011 and March 31, 2010 from Progress Energy's unaudited condensed consolidated financial statements. Progress Energy derived the selected statement of operations data for each of the years in the five year period ended December 31, 2010 and the selected balance sheet data as of December 31 for each of the five years in the period ended December 31, 2010 from Progress Energy's consolidated audited financial statements. The following information is only a summary and is not necessarily indicative of the results of future operations of Duke Energy and Progress Energy or the combined company, and you should read the information together with Progress Energy's consolidated financial statements, the notes related thereto and management's related reports on Progress Energy's financial condition and performance, all of which are contained in Progress Energy's reports filed with the SEC and incorporated herein by reference. See "Where You Can Find More Information" beginning on page 173 of this document.

	Unaudited as of and for the Three Months Ended March 31,		As of and for the Years Ended December 31,				
	2011	2010	2010	2009	2008	2007	2006
(in millions, except per share data)							
<b>Operating Results</b>							
Operating revenues	\$ 2,167	\$ 2,535	\$ 10,190	\$ 9,885	\$ 9,167	\$ 9,153	\$ 8,724
Income from continuing operations	187	191	867	840	778	702	567
Net income	185	190	863	761	836	496	620
Net income attributable to controlling interests	184	190	856	757	830	504	571
<b>Per Share Data</b>							
Basic and diluted earnings							
Income from continuing operations attributable to controlling interests, net of tax	\$ 0.63	\$ 0.67	\$ 2.96	\$ 2.99	\$ 2.95	\$ 2.70	\$ 2.19
Net income attributable to controlling interests	0.62	0.67	2.95	2.71	3.17	1.96	2.27
<b>Assets</b>	\$ 32,622	\$ 32,134	\$ 33,054	\$ 31,236	\$ 29,873	\$ 26,338	\$ 25,832
<b>Capitalization and Debt</b>							
Common stock equity	\$ 10,047	\$ 9,676	\$ 10,023	\$ 9,449	\$ 8,687	\$ 8,395	\$ 8,259
Noncontrolling interests	3	5	4	6	6	84	10
Preferred stock of subsidiaries	93	93	93	93	93	93	93
Long-term debt, net <sup>(a)</sup>	12,141	11,934	12,137	12,051	10,659	8,737	8,835
Current portion of long-term debt	300	1,006	505	406		877	324
Short-term debt	79			140	1,050	201	
Capital lease obligations	220	230	221	231	239	247	72
<b>Total capitalization and debt</b>	\$ 22,883	\$ 22,944	\$ 22,983	\$ 22,376	\$ 20,734	\$ 18,634	\$ 17,593
Dividends declared per common share	\$ 0.620	\$ 0.620	\$ 2.480	\$ 2.480	\$ 2.465	\$ 2.445	\$ 2.425

(a) Includes long-term debt to affiliated trust of \$273 million at March 31, 2011 and December 31, 2010, \$272 million at March 31, 2010 and December 31, 2009 and 2008 and \$271 million at December 31, 2007 and 2006 (See Note 14 to Progress Energy's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011 and Note 23 to Progress Energy's Annual Report on Form 10-K for the fiscal year ended December 31, 2010).



**Table of Contents****SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL DATA**

The unaudited pro forma condensed combined consolidated statements of operations information for the three months ended March 31, 2011, and the year ended December 31, 2010, gives effect to the merger as if it had occurred on January 1, 2010. The unaudited pro forma condensed combined consolidated balance sheet information as of March 31, 2011, gives effect to the merger as if it had occurred on March 31, 2011.

We present the unaudited pro forma condensed combined consolidated financial statements for illustrative purposes only, and they are not necessarily indicative of the results of operations and financial position that would have been achieved had the pro forma events taken place on the dates indicated, or the future consolidated results of operations or financial position of the combined company. Future results may vary significantly from the results reflected because of various factors, including those discussed in this document under the heading Risk Factors beginning on page 20. You should read the following selected unaudited pro forma condensed combined consolidated financial information in conjunction with the Unaudited Pro Forma Condensed Combined Consolidated Financial Information and related notes included in this document beginning on page 143.

	Three Months Ended March 31, 2011 (in millions, except per share data)	Year Ended December 31, 2010
<b>Pro Forma Condensed Combined Consolidated Statements of Operations Information:</b>		
Operating Revenues	\$ 5,824	\$ 24,432
Income From Continuing Operations	721	2,213
Net Income From Continuing Operations Attributable to Controlling Interests	718	2,203
Basic Earnings Per Share From Continuing Operations Attributable to Common Shareholders <sup>(1)</sup>	1.02	3.16
Diluted Earnings Per Share From Continuing Operations Attributable to Common Shareholders <sup>(1)</sup>	1.02	3.16
<b>Pro Forma Condensed Combined Consolidated Balance Sheet Information:</b>		
Cash and Cash Equivalents		\$ 1,591
Total Assets		96,550
Long-Term Debt <sup>(2)</sup>		31,881
Total Liabilities <sup>(3)</sup>		27,413
Total Shareholders' Equity		37,038
Total Capitalization <sup>(4)</sup>		69,137
Total Liabilities and Capitalization		96,550

(1) Assuming exchange ratio of 0.87083, following the 1-for-3 reverse stock split.

(2) Includes long-term debt due within one year.

(3) Excludes long-term debt and preferred stock.

(4) Includes long-term debt due within one year, preferred stock and noncontrolling interests.

**Table of Contents****COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE FINANCIAL DATA**

The following tables present: (1) historical per share information for Duke Energy; (2) pro forma per share information of the combined company after giving effect to the merger; and (3) historical and equivalent pro forma per share information for Progress Energy.

We derived the combined company pro forma per share information primarily by combining information from the historical consolidated financial statements of Duke Energy and Progress Energy. You should read these tables together with the historical consolidated financial statements of Duke Energy and Progress Energy that are filed with the SEC and incorporated by reference into this document. You should not rely on the pro forma per share information as being necessarily indicative of actual results had the merger occurred on January 1, 2010, for statement of operations purposes or March 31, 2011, for book value per share data.

	As of and for the Three Months Ended March 31, 2011			
	Duke Energy		Progress Energy	
	Historical	Pro Forma Combined (\$ per share)	Historical	Equivalent
				Pro Forma
<b>Per share data assuming exchange ratio of 2.6125, unadjusted for 1-for-3 reverse stock split:</b>				
Basic Earnings Per Share From Continuing Operations Attributable to Common Shareholders	0.38	0.34	0.63	0.89 <sup>(4)</sup>
Diluted Earnings Per Share From Continuing Operations Attributable to Common Shareholders	0.38	0.34	0.63	0.89 <sup>(4)</sup>
Book value per share <sup>(1)</sup>	17.17	17.70	34.17	46.24 <sup>(4)</sup>
Cash dividends declared per share	0.245	0.245 <sup>(2)</sup>	0.62	0.64 <sup>(4)</sup>
<b>Per share data assuming exchange ratio of 0.87083, adjusted to reflect 1-for-3 reverse stock split:</b>				
Basic Earnings Per Share From Continuing Operations Attributable to Common Shareholders	1.15	1.02	0.63	0.89 <sup>(5)</sup>
Diluted Earnings Per Share From Continuing Operations Attributable to Common Shareholders	1.15	1.02	0.63	0.89 <sup>(5)</sup>
Book value per share <sup>(1)</sup>	51.51	53.10	34.17	46.24 <sup>(5)</sup>
Cash dividends declared per share <sup>(3)</sup>	0.735	0.735 <sup>(2)</sup>	0.62	0.64 <sup>(5)</sup>
	For the Year Ended December 31, 2010			
	Duke Energy		Progress Energy	
	Historical	Pro Forma Combined (\$ per share)	Historical	Equivalent
				Pro Forma
<b>Per share data assuming exchange ratio of 2.6125, unadjusted for 1-for-3 reverse stock split:</b>				
Basic Earnings Per Share From Continuing Operations Attributable to Common Shareholders	1.00	1.05	2.96	2.75 <sup>(4)</sup>
Diluted Earnings Per Share From Continuing Operations Attributable to Common Shareholders	1.00	1.05	2.96	2.75 <sup>(4)</sup>
Cash dividends declared per share	0.97	0.97 <sup>(2)</sup>	2.48	2.53 <sup>(4)</sup>
<b>Per share data assuming exchange ratio of 0.87083, adjusted to reflect 1-for-3 reverse stock split:</b>				
Basic Earnings Per Share From Continuing Operations Attributable to Common Shareholders	3.00	3.16	2.96	2.75 <sup>(5)</sup>
Diluted Earnings Per Share From Continuing Operations Attributable to Common Shareholders	3.00	3.16	2.96	2.75 <sup>(5)</sup>
Cash dividends declared per share <sup>(3)</sup>	2.91	2.91 <sup>(2)</sup>	2.48	2.53 <sup>(5)</sup>



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- (1) Historical book value per share is computed by dividing total equity by the number of shares of Duke Energy or Progress Energy stock outstanding, as applicable. Pro forma combined book value per share is computed by dividing pro forma combined total equity by the pro forma combined number of shares of Duke Energy common stock that would have been outstanding as of March 31, 2011 had the merger been completed on that date.
- (2) The Duke Energy pro forma combined cash dividends declared per common share represent Duke Energy's historical cash dividends declared per common share.
- (3) Assumes the Duke Energy board of directors adjusted the dividend level to maintain Duke Energy's dividend policy following the reverse stock split that Duke Energy plans to implement prior to, and conditioned on, the completion of the merger.
- (4) Derived by multiplying the combined company pro forma per share information by 2.6125, the merger exchange ratio before adjustment for the reverse stock split.
- (5) Derived by multiplying the combined company pro forma per share information by 0.87083, the merger exchange ratio after adjustment for the reverse stock split.

Table of Contents**MARKET INFORMATION AND DIVIDENDS**

Shares of Duke Energy common stock are listed and trade on the NYSE under the symbol DUK. Shares of Progress Energy common stock are listed and trade on the NYSE under the symbol PGN.

The following table presents the closing sales prices of shares of Duke Energy common stock and Progress Energy common stock, each as reported by the NYSE, on (i) January 5, 2011, the last trading day before various news outlets began reporting on a possible transaction involving Duke Energy and Progress Energy, (ii) January 7, 2011, the last trading day for which market information is available prior to the public announcement of the execution of the merger agreement and (iii) July 5, 2011, the last practicable trading day prior to the date of this document. The table also presents the equivalent market value per share of shares of Progress Energy common stock as of each such date, determined as described in the footnote accompanying the table.

	Duke Energy Common Stock	Progress Energy Common Stock	Progress Energy Common Stock Equivalent Per Share <sup>(1)</sup>
January 5, 2011	\$ 17.77	\$ 43.39	\$ 46.42
January 7, 2011	\$ 17.79	\$ 44.72	\$ 46.48
July 5, 2011	\$ 19.07	\$ 48.78	\$ 49.82

- (1) We calculated the equivalent per share data for Progress Energy common stock by multiplying the closing market price of a share of Duke Energy common stock on each of the dates indicated by 2.6125, the merger exchange ratio before adjustment for the reverse stock split that Duke Energy plans to implement prior to, and conditioned on, the completion of the merger.

**We encourage you to obtain current market quotations prior to making any decision with respect to the merger.** The market prices of Duke Energy common stock and Progress Energy common stock will fluctuate between the date of this document and the completion of the merger. Duke Energy and Progress Energy can give no assurance concerning the market price of Duke Energy common stock or Progress Energy common stock before or after the effective time of the merger.

Following the effective time of the merger, we expect the shares of Duke Energy common stock to continue to trade on the NYSE under the symbol DUK.

The most recent quarterly dividend declared by Duke Energy prior to the date of this document was \$0.25 per share of common stock declared on June 21, 2011, and payable on September 16, 2011. Duke Energy's current dividend is \$1.00 per share of common stock on an annual basis. The most recent quarterly dividend declared by Progress Energy prior to the date of this document was \$0.62 per share of common stock declared on May 11, 2011, and payable on August 1, 2011. Progress Energy's current dividend is \$2.48 per share of common stock on an annual basis.



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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

This document and the documents incorporated by reference into this document contain certain forecasts and other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations, business strategies, operating efficiencies or synergies, revenue enhancements, competitive positions, growth opportunities, plans and objectives of the management of each of Duke Energy, Progress Energy and, following completion of the merger, the combined company, the merger and the markets for Duke Energy and Progress Energy common stock and other matters. Statements in this document and the documents incorporated by reference herein that are not historical facts are hereby identified as forward-looking statements for the purpose of the safe harbor provided by Section 21E of the Exchange Act, and Section 27A of the Securities Act. These forward-looking statements, including, without limitation, those relating to the future business prospects, revenues and income of Duke Energy, Progress Energy and, following the merger, the combined company, wherever they occur in this document or the documents incorporated by reference herein, are necessarily estimates reflecting the best judgment of the respective managements of Duke Energy and Progress Energy and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in and incorporated by reference into this document.

Forward-looking statements are typically identified by words such as plan, believe, expect, target, will, anticipate, intend, outlook, forecast, project, continue, could, may, might, possible, potential, predict, should, would and other similar words and expressions. The absence of these words does not mean that a statement is not forward-looking. These forward-looking statements are found at various places throughout this document, including in the section entitled Risk Factors beginning on page 20. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include those set forth in Duke Energy's and Progress Energy's filings with the SEC, including their respective Annual Reports on Form 10-K for the fiscal year ended December 31, 2010, as updated by any subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. These important factors also include those set forth under Risk Factors, beginning on page 20, as well as, among others, risks and uncertainties relating to:

the ability of the parties to timely and successfully receive the required approvals for the merger from (i) regulatory agencies free of burdensome conditions to the parties and (ii) their respective shareholders;

the outcome of any legal proceedings, regulatory investigations, or other proceedings or inquiries that have been or may be instituted against Duke Energy, Progress Energy and others subsequent to the announcement of the merger agreement and transactions contemplated therein;

the possibility that the anticipated benefits from the merger cannot be fully realized or may take longer to realize than expected;

the possibility that costs, difficulties or disruptions related to the integration of Progress Energy's operations into Duke Energy will be greater than expected;

the fluctuation of the market value of Duke Energy common stock;

industrial, commercial and residential growth, or lack thereof, in our service territories;

the timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates;

changes in environmental and other laws and regulations to which we and our subsidiaries are subject;

the ability of the combined company to retain and hire key personnel;

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the ability of Duke Energy and Progress Energy prior to completion of the merger, and of the combined company following completion of the merger, to complete on-going construction projects within the timelines and budgets currently anticipated for these projects and the risk that the applicable state utility regulators may limit recovery on these projects if we exceed those budgets;

the effect of accounting pronouncements issued periodically by accounting standard-setting bodies;

the timing, success and overall effects of competition from a wide variety of competitive providers;

the results of financing efforts, including our ability to obtain financing on favorable terms, which can be affected by various factors, including our credit ratings and general economic conditions;

state, federal and foreign legislative and regulatory initiatives that affect cost and investment recovery, have an impact on rate structures, and affect the speed at and degree to which competition enters the electric and natural gas industries;

the risk that revenues following the merger may be lower than expected;

changes in political or other factors such as monetary policy, legal and regulatory changes or other external factors over which the companies have no control;

the weather and other natural phenomena, including the economic, operational and other effects of hurricanes and ice storms;

general economic conditions, including any potential effects arising from terrorist attacks and any consequential hostilities or other hostilities or other external factors over which we have no control;

changes in market conditions, including demand and market prices for electricity, capacity, fuel and emission allowances;

declines in the market prices of equity securities and resultant cash funding requirements for Duke Energy's and Progress Energy's defined benefit pension plans; and

the risk that the closing of the merger is substantially delayed or does not occur.

Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements.

We caution you not to place undue reliance on any forward-looking statements, which speak only as of the date of this document, or in the case of a document incorporated by reference, as of the date of that document. The areas of risk and uncertainty described above are not exclusive and should be considered in connection with any written or oral forward-looking statements that may be made or included in this document or on, before or after the date of this document by Duke Energy or Progress Energy or anyone acting for any or both of them. Except as required by law, neither Duke Energy nor Progress Energy undertakes any obligation to publicly update or release any revisions to these forward-looking statements to reflect any events or circumstances after the date that they were made or to reflect the occurrence of unanticipated events.

We discuss additional factors, risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements in reports filed with the SEC by Duke Energy and Progress Energy. See [Where You Can Find More Information](#)

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beginning on page 173 for a list of the documents incorporated by reference.

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**RISK FACTORS**

*In addition to the other information included and incorporated by reference into this document, including the matters addressed in **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 18, Duke Energy and Progress Energy shareholders should carefully consider the following risks before deciding how to vote. In addition, you should read and consider the risks associated with each of the businesses of Duke Energy and Progress Energy because those risks will also affect the combined company. Those risks can be found in the Annual Reports on Form 10-K for the fiscal year ended December 31, 2010 for each of Duke Energy and Progress Energy, as updated by any subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, which are incorporated by reference into this document. You should also read and consider the other information in this document and the other documents incorporated by reference into this document. See **Where You Can Find More Information** beginning on page 173.*

**Risks Related to the Merger**

***Because the market price of shares of Duke Energy common stock will fluctuate and the exchange ratio will not be adjusted to reflect such fluctuations, Progress Energy shareholders cannot be sure of the value of the merger consideration they will receive.***

Upon completion of the merger following the reverse stock split, each outstanding share of Progress Energy common stock will be converted into the right to receive 0.87083 of a share of Duke Energy common stock. The number of shares of Duke Energy common stock to be issued pursuant to the merger agreement for each share of Progress Energy common stock will not change to reflect changes in the market price of Duke Energy or Progress Energy common stock. The market price of Duke Energy common stock at the time of completion of the merger may vary significantly from the market prices of Duke Energy common stock on the date the merger agreement was executed, the date of this document and the date of the respective special shareholder meetings. Accordingly, at the time of the Progress Energy special shareholder meeting, you will not know or be able to calculate the market value of the merger consideration you will receive upon completion of the merger.

In addition, we might not complete the merger until a significant period of time has passed after the respective special shareholder meetings. Because we will not adjust the exchange ratio to reflect any changes in the market value of Duke Energy common stock or Progress Energy common stock, the market value of the Duke Energy common stock issued in connection with the merger and the Progress Energy common stock surrendered in connection with the merger may be higher or lower than the values of those shares on earlier dates. Stock price changes may result from market reaction to the announcement of the merger and market assessment of the likelihood that the merger will be completed, changes in the business, operations or prospects of Duke Energy or Progress Energy prior to or following the merger, litigation or regulatory considerations, general business, market, industry or economic conditions and other factors both within and beyond the control of Duke Energy and Progress Energy. Neither Duke Energy nor Progress Energy is permitted to terminate the merger agreement solely because of changes in the market price of either company's common stock.

***Current Duke Energy and Progress Energy shareholders will have a reduced ownership and voting interest after the merger.***

Duke Energy will issue or reserve for issuance approximately 264 million shares of Duke Energy common stock (after giving effect to the Duke Energy reverse stock split) to Progress Energy shareholders in the merger (including shares of Duke Energy common stock to be issued in connection with outstanding Progress Energy equity awards). Based on the number of shares of common stock of Duke Energy and Progress Energy outstanding on July 5, 2011, the record date for the two companies' special meetings of shareholders, upon the completion of the merger, current Duke Energy shareholders and former Progress Energy shareholders would own approximately 63% and 37% of the common stock of Duke Energy, respectively.

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Duke Energy and Progress Energy shareholders currently have the right to vote for their respective directors and on other matters affecting their company. When the merger occurs, each Progress Energy shareholder who receives shares of Duke Energy common stock will become a shareholder of Duke Energy with a percentage ownership of the combined company that will be smaller than the shareholder's percentage ownership of Progress Energy. Correspondingly, each Duke Energy shareholder will remain a shareholder of Duke Energy with a percentage ownership of the combined company that will be smaller than the shareholder's percentage of Duke Energy prior to the merger. As a result of these reduced ownership percentages, Duke Energy shareholders will have less voting power in the combined company than they now have with respect to Duke Energy, and former Progress Energy shareholders will have less voting power in the combined company than they now have with respect to Progress Energy.

***The merger agreement contains provisions that limit each of Duke Energy's and Progress Energy's ability to pursue alternatives to the merger, which could discourage a potential acquirer of either Progress Energy or Duke Energy from making an alternative transaction proposal and, in certain circumstances, could require Duke Energy or Progress Energy to pay to the other a significant termination fee, as well as transaction expenses.***

Under the merger agreement, Duke Energy and Progress Energy are restricted, subject to limited exceptions, from entering into alternative transactions in lieu of the merger. In general, unless and until the merger agreement is terminated, both Duke Energy and Progress Energy are restricted from, among other things, soliciting, initiating, knowingly encouraging or facilitating a competing acquisition proposal from any person. Each of the Duke Energy board of directors and the Progress Energy board of directors is limited in its ability to change its recommendation with respect to the merger-related proposals. Duke Energy or Progress Energy may terminate the merger agreement and enter into an agreement with respect to a superior proposal only if specified conditions have been satisfied, including compliance with the non-solicitation provisions of the merger agreement. These provisions could discourage a third party that may have an interest in acquiring all or a significant part of Duke Energy or Progress Energy from considering or proposing such an acquisition, even if such third party were prepared to pay consideration with a higher per share cash or market value than the consideration proposed to be received or realized in the merger, or might result in a potential competing acquirer proposing to pay a lower price than it would otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances. Under the merger agreement, in the event Duke Energy or Progress Energy terminates the merger agreement to accept a superior proposal, or under certain other circumstances, Duke Energy or Progress Energy, as applicable, would be required to (i) reimburse the other party for the other party's fees and expenses in an amount not to exceed \$30 million and/or (ii) pay a termination fee of \$675 million in the case of a termination fee payable by Duke Energy to Progress Energy and a termination fee of \$400 million in the case of a termination fee payable by Progress Energy to Duke Energy, provided that any termination fee payable will be reduced by the amount of any fees and expenses previously reimbursed. See *The Merger Agreement - No Solicitation* beginning on page 134.

***Duke Energy and Progress Energy will be subject to various uncertainties and contractual restrictions while the merger is pending that may cause disruption and could adversely affect their financial results.***

Uncertainty about the effect of the merger on employees, suppliers and customers may have an adverse effect on Duke Energy and/or Progress Energy. These uncertainties may impair Duke Energy's and/or Progress Energy's ability to attract, retain and motivate key personnel until the merger is completed and for a period of time thereafter, as employees and prospective employees may experience uncertainty about their future roles with the combined company, and could cause customers, suppliers and others who deal with Duke Energy or Progress Energy to seek to change existing business relationships with Duke Energy or Progress Energy. The pursuit of the merger and the preparation for the integration may also place a burden on management and internal resources. Any significant diversion of management attention away from ongoing business concerns and any difficulties encountered in the transition and integration process could affect Duke Energy's and/or Progress Energy's financial results.

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In addition, the merger agreement restricts each of Duke Energy and Progress Energy, without the other's consent, from making certain acquisitions and dispositions and taking other specified actions while the merger is pending. These restrictions may prevent Duke Energy and/or Progress Energy from pursuing otherwise attractive business opportunities and making other changes to their respective businesses prior to completion of the merger or termination of the merger agreement. See *The Merger Agreement* Covenants of Duke Energy and Progress Energy beginning on page 140.

***If completed, the merger may not achieve its anticipated results, and Duke Energy and Progress Energy may be unable to integrate their operations in the manner expected.***

Duke Energy and Progress Energy entered into the merger agreement with the expectation that the merger will result in various benefits, including, among other things, cost savings and operating efficiencies. Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether the businesses of Duke Energy and Progress Energy can be integrated in an efficient, effective and timely manner.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of each company's ongoing businesses, processes and systems or inconsistencies in standards, controls, procedures, practices, policies and compensation arrangements, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the merger. The combined company's results of operations could also be adversely affected by any issues attributable to either company's operations that arise or are based on events or actions that occur prior to the closing of the merger. The companies may have difficulty addressing possible differences in corporate cultures and management philosophies. The integration process is subject to a number of uncertainties, and no assurance can be given that the anticipated benefits will be realized or, if realized, the timing of their realization. Failure to achieve these anticipated benefits could result in increased costs or decreases in the amount of expected revenues and could adversely affect the combined company's future business, financial condition, operating results and prospects.

***The merger may not be accretive to earnings and may cause dilution to Duke Energy's earnings per share, which may negatively affect the market price of Duke Energy's common stock.***

Duke Energy currently anticipates that the merger will be accretive to earnings per share in the first full year following the completion of the merger, after factoring in synergies and excluding costs to achieve synergies and other one-time costs related to the merger. This expectation is based on preliminary estimates that are subject to change. Duke Energy also could encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the merger or be subject to other factors that affect preliminary estimates. Any of these factors could cause a decrease in Duke Energy's adjusted earnings per share or decrease or delay the expected accretive effect of the merger and contribute to a decrease in the price of Duke Energy's common stock.

***Duke Energy will record goodwill that could become impaired and adversely affect its operating results.***

Accounting standards in the United States require that one party to the merger be identified as the acquirer. In accordance with these standards, the merger will be accounted for as an acquisition of Progress Energy common stock by Duke Energy and will follow the acquisition method of accounting for business combinations. The assets and liabilities of Progress Energy will be consolidated with those of Duke Energy. The excess of the purchase price over the fair values of Progress Energy's assets and liabilities will be recorded as goodwill.

The amount of goodwill, which is expected to be material, will be allocated to the appropriate reporting units of the combined company. Duke Energy is required to assess goodwill for impairment at least annually by comparing the fair value of reporting units to the carrying value of those reporting units. To the extent the carrying value of any of those reporting units is greater than the fair value, a second step comparing the implied fair value of goodwill to the carrying amount would be required to determine if the goodwill is impaired. Such a

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potential impairment could result in a material charge that would have a material impact on Duke Energy's future operating results and consolidated balance sheet.

***Pending litigation against Duke Energy and Progress Energy could result in an injunction preventing the completion of the merger or a judgment resulting in the payment of damages in the event the merger is completed and may adversely affect the combined company's business, financial condition or results of operations and cash flows following the merger.***

In connection with the merger, purported shareholders of Progress Energy have filed putative shareholder class action lawsuits against Progress Energy, Duke Energy, Diamond Acquisition Corporation and the directors of Progress Energy. Among other remedies, the plaintiffs seek to enjoin the merger. The outcome of any such litigation is uncertain. If a dismissal is not granted or a settlement is not reached, these lawsuits could prevent or delay completion of the merger and result in substantial costs to Duke Energy and Progress Energy, including any costs associated with the indemnification of directors and officers. Plaintiffs may file additional lawsuits against Duke Energy, Progress Energy and/or the directors and officers of either company in connection with the merger. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect the combined company's business, financial condition, results of operations and cash flows. See "The Merger" Legal Proceedings beginning on page 116.

***The merger is subject to the receipt of consent or approval from governmental entities that could delay the completion of the merger or impose conditions that could have a material adverse effect on the combined company or that could cause abandonment of the merger.***

Completion of the merger is conditioned upon the receipt of consents, orders, approvals or clearances, to the extent required, from the Federal Energy Regulatory Commission, or the FERC, the Nuclear Regulatory Commission, or the NRC, the FCC, and the public utility commissions or similar entities in certain states in which the companies operate. The merger is also subject to review by the United States Department of Justice Antitrust Division, or the DOJ, and the Federal Trade Commission, or the FTC, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, or the HSR Act, and the expiration or earlier termination of the waiting period (and any extension of the waiting period) applicable to the merger is a condition to closing the merger. The waiting period under the HSR Act expired on April 27, 2011. The special meetings of the shareholders of Duke Energy and Progress Energy at which the proposals required to complete the merger will be considered may take place before any or all of the required regulatory approvals have been obtained and before all conditions to such approvals, if any, are known. In this event, if the shareholder proposals required to complete the merger are approved, Duke Energy and Progress Energy may subsequently agree to conditions without further seeking shareholder approval, even if such conditions could have an adverse effect on Duke Energy, Progress Energy or the combined company.

Duke Energy and Progress Energy cannot provide assurance that we will obtain all required regulatory consents or approvals or that these consents or approvals will not contain terms, conditions or restrictions that would be detrimental to the combined company after the completion of the merger. The merger agreement generally permits each party to terminate the merger agreement if the final terms of any of the required regulatory consents or approvals require a party (i) to sell, or agree to sell, hold or agree to hold separate, or otherwise dispose or agree to dispose of any asset, in each case if the sale, separation or disposition or agreement would, individually or in the aggregate, reasonably be expected to have a material adverse effect on the expected benefits of the transactions contemplated by the merger agreement to such party; (ii) to conduct or agree to conduct its business in any particular manner if such conduct or agreement would, individually or in the aggregate, reasonably be expected to have a material adverse effect on the expected benefits of the transactions contemplated by the merger agreement to such party; or (iii) to agree to any order, action or regulatory condition of any regulatory body, whether in an approval proceeding or another regulatory proceeding, that, if effected, would cause a material reduction in the expected benefits for such party's shareholders. Any substantial delay in obtaining satisfactory approvals or the imposition of any terms or conditions in connection with such approvals



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that, if effected, would cause a material reduction in the expected benefits for such party's shareholders or would have a material adverse effect on the expected benefits for either company may cause the abandonment of the merger by Duke Energy or Progress Energy.

***The merger will combine two companies that are currently affected by developments in the electric utility industry, including changes in regulation. A failure to adapt to any regulatory developments or changes after the merger could adversely affect the stability of earnings and could result in erosion of the combined company's revenues and profits.***

Duke Energy, Progress Energy and their respective subsidiaries are regulated in the United States at the federal level. In addition, Progress Energy and/or its subsidiaries are regulated in North Carolina, South Carolina and Florida and Duke Energy and/or its subsidiaries are regulated in North Carolina, South Carolina, Ohio, Indiana and Kentucky. As a result, the two companies have been and will continue to be impacted by legislative and regulatory developments in those jurisdictions, as will the combined company following the merger. After the merger, the combined company and/or its subsidiaries will be subject to extensive federal regulation, as well as state and local regulation in North Carolina, South Carolina, Florida, Ohio, Indiana and Kentucky.

***The pro forma financial statements included in this document are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the merger.***

The pro forma financial statements contained in this document are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of the combined company's financial condition or results of operations following the merger for several reasons. See Unaudited Pro Forma Condensed Combined Consolidated Financial Information beginning on page 143. The actual financial condition and results of operations of the combined company following the merger may not be consistent with, or evident from, these pro forma financial statements. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial condition or results of operations following the merger. Any potential decline in the combined company's financial condition or results of operations may cause significant variations in the stock price of the combined company.

***Duke Energy cannot assure you that it will be able to continue paying dividends at the current rate.***

As noted elsewhere in this document, Duke Energy currently expects to pay dividends in an amount consistent with the dividend policy of Duke Energy in effect prior to the completion of the merger. However, you should be aware that Duke Energy shareholders may not receive the same dividends following the merger for reasons that may include any of the following factors:

Duke Energy may not have enough cash to pay such dividends due to changes in Duke Energy's cash requirements, capital spending plans, financing agreements, cash flow or financial position;

decisions on whether, when and in which amounts to make any future distributions will remain at all times entirely at the discretion of the Duke Energy board of directors, which reserves the right to change Duke Energy's dividend practices at any time and for any reason;

the amount of dividends that Duke Energy may distribute to its shareholders is subject to restrictions under Delaware law; and

Duke Energy may not receive dividend payments from its subsidiaries in the same level that it has historically. The ability of Duke Energy's subsidiaries to make dividend payments to it is subject to factors similar to those listed above.

Duke Energy's shareholders should be aware that they have no contractual or other legal right to dividends that have not been declared.

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***Directors and executive officers of Duke Energy and Progress Energy have financial interests in the merger that may be different from, or in addition to, those of other Duke Energy and Progress Energy shareholders, which could have influenced their decisions to support or approve the merger.***

In considering whether to approve the proposals at the special meetings, Duke Energy and Progress Energy shareholders should recognize that directors and executive officers of Duke Energy and Progress Energy have interests in the merger that may differ from, or that are in addition to, their interests as shareholders of Duke Energy and Progress Energy. These interests include, among others, continued service as a director or an executive officer of the combined company, specific employment arrangements for the president and chief executive officer or the executive chairman of the combined company, arrangements that provide for severance benefits if certain executive officers' employment is terminated under certain circumstances following the completion of the merger and rights to indemnification and directors' and officers' liability insurance that will survive the completion of the merger. The Duke Energy and Progress Energy boards of directors were aware of these interests at the time each approved the merger agreement. These interests may cause Duke Energy's and Progress Energy's directors and executive officers to view the merger differently than you may view it as a shareholder. See "The Merger - Interests of Directors and Executive Officers in the Merger" beginning on page 107.

***Duke Energy and Progress Energy may incur unexpected transaction fees and merger-related costs in connection with the merger.***

Duke Energy and Progress Energy expect to incur a number of non-recurring expenses, totaling approximately \$90 million, associated with completing the merger, as well as expenses related to combining the operations of the two companies. The combined company may incur additional unanticipated costs in the integration of the businesses of Duke Energy and Progress Energy. Although we expect that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction and merger-related costs over time, the combined company may not achieve this net benefit in the near term, or at all.

***The combined company's hedging activities may not fully protect the combined company from fluctuations in commodity prices, and may not completely eliminate the risks associated with its businesses.***

Progress Energy and Duke Energy currently engage in activities to hedge their respective economic risks related to electricity sales, fuel purchases and emissions allowances. Duke Energy and Progress Energy expect that the combined company will use appropriate hedging strategies to manage this risk, including opportunistically hedging over multiple year periods to reduce the variability in realized gross margin from its expected generation. We cannot provide assurance that these activities will be successful in managing its price risks or that they will not result in net losses as a result of future volatility in electricity, fuel and emissions markets. Actual power prices and fuel costs may differ from the combined company's expectations.

Furthermore, the hedging procedures that the combined company will have in place may not always be followed or may not always work as planned. As a result of these and other factors, we cannot predict the outcome that risk management decisions may have on the business, operating results or financial position of the combined company.

***There are risks associated with the proposed Duke Energy reverse stock split, including that the reverse stock split may not result in a proportionate increase in the per share price of Duke Energy common stock.***

If we complete the merger, Duke Energy will effect a 1-for-3 reverse stock split immediately before the merger. Duke Energy cannot predict whether or to what extent the Duke Energy reverse stock split will proportionately increase the market price of Duke Energy common stock. The market price of Duke Energy common stock will be based on Duke Energy's performance and other factors, including broader market conditions, which are unrelated to the number of shares of Duke Energy common stock outstanding.

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***The reverse stock split would have the effect of increasing the amount of common stock Duke Energy is authorized to issue without further approval by Duke Energy shareholders.***

As a result of the reverse stock split, and after giving effect to the merger, Duke Energy expects that it will have approximately 700 million shares of common stock outstanding, compared to 1,331,771,448 shares of Duke Energy common stock outstanding as of July 5, 2011. Duke Energy's amended and restated certificate of incorporation currently authorizes Duke Energy to issue 2 billion shares of common stock and Duke Energy does not anticipate reducing this amount in connection with the reverse stock split or the merger. As a result, Duke Energy expects the reverse stock split, after completing the merger, will give it the ability to issue approximately 1.3 billion additional shares of common stock. Except in certain instances, as required by law or the NYSE, these additional shares may be issued by Duke Energy without further vote of Duke Energy shareholders. If the Duke Energy board of directors chooses to issue additional shares of Duke Energy common stock, such issuance could have a dilutive effect on the equity, earnings and voting interests of Duke Energy shareholders.

### **Risks Related to Duke Energy and Progress Energy**

***The scope of necessary repairs of the delamination at Progress Energy's Crystal River Unit No. 3 Nuclear Plant could prove more extensive than is currently identified, the costs of repair and/or to purchase replacement fuel and power during the outage at the plant could exceed Progress Energy's estimates and insurance coverages or may not be recovered through the regulatory process, and/or such repairs could prove not to be feasible, the occurrence of any of which could adversely affect the combined company's results of operations or financial condition.***

In September 2009, the Crystal River Unit No. 3 Nuclear Plant (CR3) began an outage for normal refueling and maintenance as well as an uprate project to increase its generating capability and to replace two steam generators. During preparations to replace the steam generators, workers discovered a delamination (or separation) within the concrete at the periphery of the containment building, which resulted in an extension of the outage. After analysis, Progress Energy Florida (PEF) determined that the concrete delamination at CR3 was caused by redistribution of stresses in the containment wall that occurred when PEF created an opening to accommodate the replacement of the unit's steam generators. In March 2011, the work to return the plant to service was suspended after monitoring equipment at the repair site identified a new delamination that occurred in a different section of the outer wall after the repair work was completed and during the late stages of retensioning the containment building. CR3 has remained out of service while PEF conducted an engineering analysis and review of the new delamination and evaluated repair options.

In June 2011, PEF notified the Nuclear Regulatory Commission and the Florida Public Service Commission that it plans to repair the CR3 containment structure and estimates it will return CR3 to service in 2014. The repair option selected entails systematically removing and replacing concrete in the containment structure walls. The planned option does not include replacing concrete in the area where concrete was replaced during the initial repair. PEF's preliminary cost estimate for this repair is between \$900 million and \$1.3 billion, although a number of factors will affect the repair schedule, return-to-service date and costs of repair, including regulatory reviews, final engineering designs, contract negotiations, ultimate work scope completion, testing, weather and other developments. Progress Energy believes the actions taken and costs incurred in response to the CR3 delamination have been prudent and, accordingly, believes that replacement power and repair costs not recoverable through insurance should be recoverable through PEF's fuel cost-recovery clause or base rates.

PEF maintains insurance coverage through Nuclear Electric Insurance Limited with total limits of \$490 million for replacement power coverage (after a deductible of 12 weeks per accident) and \$2.25 billion for repair costs (after a deductible of \$10 million per accident). PEF currently anticipates that the replacement power coverage is sufficient to cover needs through August, 2012. Through May 31, 2011, PEF has spent \$214 million on repair costs, has received \$103 million in related insurance proceeds, and has recorded a \$46 million insurance receivable, leaving a balance of \$65 million for base rate recovery. Also through May 31, 2011, PEF has spent \$375 million for replacement power, received \$162 million in related insurance proceeds, and recorded a \$67 million insurance receivable, leaving a balance of \$146 million for fuel cost clause recovery.

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While the foregoing reflects PEF's current intentions and estimates with respect to CR3, the costs, timing and feasibility of additional repairs to CR3, the cost of replacement fuel and power, and the degree of recoverability of these costs, are all subject to significant uncertainties. Costs that are greater than anticipated, recoverability that is less than anticipated, and/or the inability to return CR3 to service all could adversely affect Progress Energy's and, following the merger, the combined company's financial results. For further information with respect to the status of CR3 and related matters, see Progress Energy's Quarterly Report on Form 10-Q for the period ended March 31, 2011, filed with the SEC on May 9, 2011, and Current Reports on Form 8-K filed with the SEC on June 27 and June 28, 2011, all of which are incorporated into this document by reference.

In addition, Duke Energy and Progress Energy are, and will continue to be, subject to the risks described in Part I, Item 1A "Risk Factors" of Duke Energy's Form 10-K for the fiscal year ended December 31, 2010, which Duke Energy filed with the SEC on February 25, 2011, and Part I, Item 1A "Risk Factors" of Progress Energy's Form 10-K for the fiscal year ended December 31, 2010, which Progress Energy filed with the SEC on February 28, 2011, and in each case which we have incorporated by reference in this document. See "Where You Can Find More Information" beginning on page 173.

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**THE COMPANIES**

**Duke Energy Corporation**

526 South Church Street

Charlotte, North Carolina 28202

(704) 594-6200

Duke Energy, together with its subsidiaries, is a diversified energy company with both regulated and unregulated utility operations. Duke Energy supplies, delivers and processes energy for customers in the United States and selected international markets.

Duke Energy's regulated utility operations consist of its U.S. franchised electric and gas segment, which serves approximately four million customers located in five states in the southeast and midwest regions of the United States, representing a population of approximately 12 million people. The U.S. franchised electric and gas segment consists of regulated generation, electric and gas transmission and distribution systems. The segment's generation portfolio includes a mix of energy resources with different operating characteristics and fuel sources. In its regulated electric operations, Duke Energy owns approximately 27,000 megawatts of generating capacity for a service area of approximately 50,000 square miles. Duke Energy's gas operations include regulated natural gas transmission and distribution with approximately 500,000 customers located in southwestern Ohio and northern Kentucky.

Duke Energy's commercial power segment owns, operates and manages power plants, primarily located in the midwestern region of the United States. Duke Energy Retail Sales, a subsidiary of Duke Energy and part of the commercial power segment, serves retail electric customers in Ohio with generation and other energy services. The commercial power segment also includes Duke Energy Generation Services, an on-site energy solutions and utility services provider. The commercial power segment owns and operates a generation portfolio of approximately 7,550 net megawatts of power generation, excluding renewable generation assets. Duke Energy Generation Services, in particular, has approximately 1,002 megawatts of renewable energy in operation and over 5,000 megawatts of renewable energy projects under development as of December 31, 2010.

Duke Energy's international business segment operates and manages power generation facilities and engages in sales and marketing of electric power and natural gas outside the United States. Duke Energy's international segment's activities target power generation in Latin America. Duke Energy's international segment also has an equity investment in National Methanol Co. in Saudi Arabia, a regional producer of MTBE, a gasoline additive. Duke Energy's international segment owns, operates or has substantial interests in approximately 4,500 gross megawatts of generation facilities, of which approximately 70% is hydroelectric.

For the year ended December 31, 2010, Duke Energy had total revenues of \$14.3 billion and net income of \$1.3 billion. Duke Energy's consolidated assets as of December 31, 2010 were \$59.1 billion. Duke Energy's common stock is listed and trades on the NYSE under the symbol DUK.

**Progress Energy, Inc.**

410 South Wilmington Street

Raleigh, North Carolina 27601

(919) 546-6111

Progress Energy is a North Carolina corporation and a public utility holding company primarily engaged in the regulated electric utility business. Progress Energy owns, directly or indirectly, all of the outstanding common stock of its utility subsidiaries, Progress Energy Carolinas and Progress Energy Florida. Progress Energy's utility business owns more than 22,000 megawatts of regulated electric generating capacity and serves approximately 3.1 million retail electric customers as well as other load-serving entities. Progress Energy is headquartered in Raleigh, North Carolina and as of February 22, 2011 had approximately 11,000 employees.



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Progress Energy's operating subsidiaries are Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc., or Progress Energy Carolinas, and Florida Power Corporation d/b/a Progress Energy Florida, Inc., or Progress Energy Florida, which are primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina and in portions of Florida, respectively.

Progress Energy Carolinas is a regulated public utility that is primarily engaged in the generation, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina. Progress Energy Carolinas' generation portfolio includes a mix of energy resources with different operating characteristics and fuel sources, including coal, natural gas and nuclear sources. As of December 31, 2010, Progress Energy Carolinas owned approximately 12,554 megawatts of generating capacity (including approximately 700 megawatts of jointly owned capacity) for a service area of approximately 34,000 square miles, providing electric services, retail and wholesale, to approximately 1.5 million customers located in portions of North and South Carolina.

Progress Energy Florida is a regulated public utility that is primarily engaged in the generation, transmission, distribution and sale of electricity in portions of Florida. Progress Energy Florida's generation portfolio includes a mix of energy resources with different operating characteristics and fuel sources, including coal, natural gas and nuclear sources. As of December 31, 2010, Progress Energy Florida owned approximately 10,025 megawatts of generating capacity (including approximately 120 megawatts of jointly owned capacity) for a service area of approximately 20,000 square miles, providing electric services, retail and wholesale, to approximately 1.6 million customers located in portions of Florida.

For the year ended December 31, 2010, Progress Energy had total revenues of \$10.2 billion and net income of \$863 million. Progress Energy's consolidated assets as of December 31, 2010 were \$33.1 billion. Progress Energy's common stock is listed and trades on the NYSE under the symbol PGN.

**Diamond Acquisition Corporation**

Diamond Acquisition Corporation is a North Carolina corporation and a wholly-owned subsidiary of Duke Energy. Diamond Acquisition Corporation was incorporated on January 6, 2011, for the purpose of effecting the merger. Diamond Acquisition Corporation has not conducted any activities other than those incidental to its formation and the matters contemplated in the merger agreement.

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### THE DUKE ENERGY SPECIAL MEETING

#### General

The Duke Energy board of directors is using this document to solicit proxies from the holders of shares of Duke Energy common stock for use at the Duke Energy special meeting. Duke Energy is first mailing this document and accompanying proxy card to its shareholders on or about July 11, 2011.

#### Date, Time and Place of the Duke Energy Special Meeting

Duke Energy will hold its special meeting of shareholders on August 23, 2011, at 10:00 a.m., Eastern time, in the O.J. Miller Auditorium located at 526 South Church Street in Charlotte, North Carolina.

#### Purpose of the Duke Energy Special Meeting

At the Duke Energy special meeting, Duke Energy will ask its shareholders to consider and vote on:

a proposal to approve the amendment of the amended and restated certificate of incorporation of Duke Energy to provide for a 1-for-3 reverse stock split with respect to the issued and outstanding Duke Energy common stock prior to the merger, subject to the Duke Energy board of directors' authority to not complete such amendment if the merger agreement is terminated or the merger is otherwise abandoned;

a proposal to approve the issuance of Duke Energy common stock, par value \$0.001 per share, to Progress Energy shareholders in connection with the merger; and

a proposal to adjourn the special meeting of the shareholders of Duke Energy, if necessary, to solicit additional proxies if there are not sufficient votes to approve either of the proposals above.

The reverse stock split proposal is conditioned on approval of the share issuance proposal. Furthermore, if Duke Energy and Progress Energy do not complete the merger, Duke Energy will not amend its amended and restated certificate of incorporation to effect the reverse stock split contemplated by the reverse stock split proposal, notwithstanding that Duke Energy's shareholders may have previously approved the reverse stock split proposal.

The Duke Energy board of directors has unanimously approved the merger agreement, the merger and the form of certificate of amendment to the amended and restated certificate of incorporation of Duke Energy and unanimously recommends that Duke Energy shareholders vote **FOR** each of the foregoing proposals. See *The Merger* Duke Energy's Reasons for the Merger and the Recommendation of Duke Energy's Board of Directors beginning on page 59. For a discussion of interests of Duke Energy's directors and executive officers in the merger that may be different from, or in addition to, the interests of Duke Energy's shareholders generally, see *The Merger* Interests of Directors and Executive Officers in the Merger Interests of Directors and Executive Officers of Duke Energy in the Merger, beginning on page 107.

#### Duke Energy Record Date; Shares Entitled to Vote

The Duke Energy board of directors has fixed the close of business on July 5, 2011 as the record date for determination of shareholders entitled to notice of, and to vote at, the Duke Energy special meeting. Only holders of record of shares of Duke Energy common stock at the close of business on the record date are entitled to notice of, and to vote at, the Duke Energy special meeting and any adjournments or postponements of the Duke Energy special meeting.

Each shareholder is entitled to one vote at the Duke Energy special meeting for each share of Duke Energy common stock held by that shareholder at the close of business on the record date. Duke Energy's common stock is its only voting security for the Duke Energy special meeting.





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As of July 5, 2011, the record date for the Duke Energy special meeting, there were approximately 1,331,771,448 shares of Duke Energy common stock outstanding and held by approximately 155,118 holders of record. Duke Energy will make available a complete list of shareholders entitled to vote at the Duke Energy special meeting for examination by any Duke Energy shareholder at Duke Energy's offices located at 526 South Church Street in Charlotte, North Carolina 28202 for purposes pertaining to the Duke Energy special meeting, during normal business hours for a period of ten days before the Duke Energy special meeting, and at the time and place of the Duke Energy special meeting.

### **Quorum**

In order to conduct the special meeting, holders of a majority of the outstanding shares of common stock entitled to vote must be present in person or represented by proxy so that there is a quorum. It is important that you vote promptly so that your shares are counted toward the quorum.

All shares of Duke Energy common stock represented at the Duke Energy special meeting, including abstentions and broker non-votes, will be treated as shares that are present and entitled to vote for purposes of determining the presence of 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 NYSE rules, does not have discretionary authority to vote on a matter. Under NYSE rules, your broker or bank does not have discretionary authority to vote your shares of Duke Energy common stock on the reverse stock split proposal, the share issuance proposal or the Duke Energy adjournment proposal. Without voting instructions on such proposals, a broker non-vote will occur.

### **Vote Required**

#### ***Required Vote to Approve the Reverse Stock Split Proposal***

The affirmative vote of a majority of the shares of Duke Energy common stock outstanding on the record date for the Duke Energy special meeting is required to approve the reverse stock split proposal. If you abstain from voting, fail to vote, or a broker non-vote occurs, it will have the same effect as voting against this proposal.

#### ***Required Vote to Approve the Share Issuance Proposal***

The affirmative vote of a majority of the shares of Duke Energy common stock voting (in person or by proxy) on the share issuance proposal is required to approve the proposal, provided that the total votes cast on the proposal (including abstentions) must represent a majority of the shares of Duke Energy common stock outstanding on the record date for the special meeting. If you abstain from voting, it will have the same effect as voting against this proposal. If you fail to vote or a broker non-vote occurs, it will have no effect on the vote count for the proposal, but it will make it more difficult to meet the NYSE requirement that the total votes cast on such proposal (including abstentions) represent a majority of the shares of Duke Energy common stock outstanding as of the record date for the Duke Energy special meeting.

#### ***Required Vote to Approve the Duke Energy Adjournment Proposal***

The affirmative vote of a majority of the shares of Duke Energy common stock represented at the Duke Energy special meeting (in person or by proxy) and entitled to vote on the proposal is required to approve the Duke Energy adjournment proposal. If you abstain from voting, it will have the same effect as voting against this proposal. If you fail to vote or a broker non-vote occurs, it will have no effect on the vote count for this proposal.

### **Voting by Duke Energy's Directors and Executive Officers**

As of the record date for the special meeting of Duke Energy shareholders, Duke Energy's directors and executive officers collectively had the right to vote less than 1% of the Duke Energy common stock

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outstanding and entitled to vote at the Duke Energy special meeting. Duke Energy currently expects that Duke Energy's directors and executive officers will vote their shares of Duke Energy common stock in favor of each of the proposals to be considered at the Duke Energy special meeting, although none of them has entered into any agreements obligating them to do so.

### **Voting of Proxies**

Giving a proxy means that a Duke Energy shareholder authorizes the persons named in the enclosed proxy card to vote its shares at the Duke Energy special meeting in the manner that such shareholder directs. All shares represented by properly executed proxies received in time for the Duke Energy special meeting will be voted at the Duke Energy special meeting in the manner specified by the shareholders giving those proxies. The persons named as proxies will vote properly executed proxies that do not contain voting instructions **FOR** the approval of the share issuance proposal, the reverse stock split proposal and the Duke Energy adjournment proposal.

Only shares affirmatively voted for the approval of the proposals to be considered at the Duke Energy special meeting or properly executed proxies that do not contain voting instructions will be counted as favorable votes for the proposals. Also, under NYSE rules, brokers and banks who hold Duke Energy common stock in street name for customers who are the beneficial owners of those shares may not give a proxy to vote those shares without specific instructions from those customers. Accordingly:

an abstention or a failure to vote your Duke Energy shares on the reverse stock split proposal will have the same effect as a vote against that proposal because a majority of the shares of Duke Energy common stock outstanding on the record date for the Duke Energy special meeting must approve the proposal;

a failure to vote your Duke Energy shares on the share issuance proposal will have no effect on that proposal, but may make it more difficult to meet the NYSE requirement that the total votes cast on such proposal (including abstentions) represent a majority of the shares of Duke Energy common stock outstanding as of the Duke Energy record date, because a majority of the votes cast on the share issuance proposal is required to approve that proposal provided that a majority of the outstanding shares are voted; and

a failure to vote your Duke Energy shares on the Duke Energy adjournment proposal, while considered for purposes of establishing quorum, will have no effect on that proposal, because the affirmative vote of a majority of the shares of Duke Energy common stock represented at the Duke Energy special meeting (in person or by proxy) and entitled to vote on the proposal is required to approve the Duke Energy adjournment proposal.

### **How to Vote**

If you own shares of Duke Energy common stock in your own name, you are an owner of record. This means that you may use the enclosed proxy card(s) to tell the persons named as proxies how to vote your shares of Duke Energy common stock. If you fail to sign and return your proxy card(s), the proxies cannot vote your shares of Duke Energy common stock at the Duke Energy special meeting. An owner of record has four voting options:

*Internet.* You can vote over the Internet by accessing the website shown on your proxy card and following the instructions on the website. Internet voting is available 24 hours a day. Have your proxy card in hand when you access the web site and follow the instructions to vote.

*Telephone.* You can vote by telephone by calling the toll-free number shown on your proxy card. Telephone voting is available 24 hours a day.

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*Mail.* You can vote by mail by completing, signing, dating and mailing your proxy card(s) in the postage-paid envelope included with this document.

*In Person.* You may attend the Duke Energy special meeting and cast your vote in person. The Duke Energy board of directors recommends that you vote by proxy even if you plan to attend the Duke Energy special meeting.

If you hold your shares of Duke Energy common stock in street name through a bank, broker or other holder of record, you must provide the record holder of your shares with instructions on how to vote the shares. Please follow the voting instructions provided by the bank or broker. You may not vote shares held in street name by returning a proxy card directly to Duke Energy or by voting in person at the Duke Energy special meeting unless you provide a legal proxy, which you must obtain from your broker, bank or other nominee. Further, brokers, banks or other nominees who hold shares of Duke Energy common stock on behalf of their customers may not give a proxy to Duke Energy to vote those shares with respect to any of the proposals without specific instructions from their customers, as brokers, banks and other nominees do not have discretionary voting power on these matters.

The Internet and telephone proxy procedures are designed to authenticate shareholders identities, to allow shareholders to give their proxy voting instructions and to confirm that these instructions have been properly recorded. Directing the voting of your Duke Energy shares will not affect your right to vote in person if you decide to attend the Duke Energy special meeting.

The named proxies will vote all shares at the special meeting that have been properly voted (whether by Internet, telephone or mail) and not revoked.

### **Participants 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 1392)**

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, as amended. Because the plan trustee must process voting instructions from participants before the date of the special meeting of Duke Energy shareholders, you are urged to deliver your instructions no later than August 18, 2011.

### **Revoking Your Proxy**

You may revoke your proxy at any time after you give it, and before it is voted, in one of the following ways:

by notifying Duke Energy's Corporate Secretary that you are revoking your proxy by written notice that bears a date later than the date of the proxy and that Duke Energy receives prior to the Duke Energy special meeting and states that you revoke your proxy;

by signing another Duke Energy proxy card(s) bearing a later date and mailing it so that Duke Energy receives it prior to the special meeting;

by voting again using the telephone or Internet voting procedures; or

by attending the Duke Energy special meeting and voting in person, although attendance at the Duke Energy special meeting alone will not, by itself, revoke a proxy.



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If your broker, bank or other nominee holds your shares in street name, you will need to contact your broker, bank or other nominee to revoke your voting instructions.

## **Other Voting Matters**

### ***Electronic Access to Proxy Material***

This document and Duke Energy's Form 10-K for the fiscal year ended December 31, 2010 are available on the Duke Energy website, [www.duke-energy.com](http://www.duke-energy.com).

### ***People with Disabilities***

Duke Energy can provide you with reasonable assistance to help you participate in the Duke Energy special meeting if you inform Duke Energy of your disability. Please contact Investor Relations by telephone at (800) 488-3853; by electronic correspondence through Contact Investor Relations at [www.duke-energy.com/investors](http://www.duke-energy.com/investors); or by mail at P.O. Box 1005, Charlotte, North Carolina 28201-1005, at least two weeks before the Duke Energy special meeting.

## **Proxy Solicitations**

Duke Energy is soliciting proxies for the Duke Energy special meeting from Duke Energy shareholders. Duke Energy will bear the entire cost of soliciting proxies from Duke Energy shareholders, except that Duke Energy and Progress Energy will share equally the expenses incurred in connection with the filing of the registration statement of which this document is a part. In addition to this mailing, Duke Energy's directors, officers and employees (who will not receive any additional compensation for their services) may solicit proxies personally, electronically, by telephone or other means.

Duke Energy has engaged the services of Georgeson Inc. for a fee of approximately \$25,000, plus reimbursement of expenses, to assist in the solicitation of proxies.

Duke Energy and its proxy solicitors will request that banks, brokerage houses and other custodians, nominees and fiduciaries send proxy materials to the beneficial owners of Duke Energy common stock and will, if requested, reimburse the record holders for their reasonable out-of-pocket expenses in doing so. The extent to which these proxy-soliciting efforts will be necessary depends upon how promptly proxies are submitted.

## **Assistance**

If you need assistance in completing your proxy card or have questions regarding Duke Energy's special meeting, please contact Georgeson Inc. toll-free at (800) 509-0984. Banks and brokers may call collect at (212) 440-9128.

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**PROPOSALS SUBMITTED TO DUKE ENERGY S SHAREHOLDERS**

**The Reverse Stock Split Proposal**

(Item 1 on Duke Energy Proxy Card)

Duke Energy is proposing that the Duke Energy shareholders approve an amendment to Duke Energy s amended and restated certificate of incorporation providing for a 1-for-3 reverse stock split with respect to the issued and outstanding Duke Energy common stock in connection with the merger. Effecting the reverse stock split will ensure that Duke Energy has sufficient authorized shares of Duke Energy common stock to complete the merger. The Duke Energy board of directors has declared the proposed amendment to Duke Energy s amended and restated certificate of incorporation to be advisable and has unanimously approved the proposed form of certificate of amendment to Duke Energy s amended and restated certificate of incorporation, attached to this document as Annex F, and recommended that it be presented to Duke Energy s shareholders for approval. If Duke Energy and Progress Energy do not complete the merger, Duke Energy will not amend its amended and restated certificate of incorporation to effect the reverse stock split contemplated by the reverse stock split proposal, notwithstanding that Duke Energy shareholders may have previously approved the reverse stock split proposal.

***Overview***

By approving this reverse stock split proposal, the Duke Energy shareholders approve, subject to approval of the share issuance proposal, an amendment to Duke Energy s amended and restated certificate of incorporation providing for a 1-for-3 reverse stock split with respect to the issued and outstanding Duke Energy common stock in connection with the merger. If the Duke Energy shareholders approve this reverse stock split proposal and Duke Energy effects the reverse stock split, then every three issued and outstanding shares of Duke Energy common stock (and every three shares of Duke Energy common stock, if any, that are treasury shares of Duke Energy) would be combined and reclassified into one share of Duke Energy common stock. The reverse stock split would not change the number of authorized shares of Duke Energy common stock.

If Duke Energy effects the reverse stock split, then, except for adjustments that may result from the treatment of fractional shares as described below, each Duke Energy shareholder will hold the same percentage of then-outstanding Duke Energy common stock immediately following the reverse stock split as such Duke Energy shareholder held immediately prior to the Duke Energy reverse stock split. The par value of the Duke Energy common stock would remain unchanged at \$0.001 per share.

**If Duke Energy shareholders approve the reverse stock split proposal, the Duke Energy board of directors will effect the reverse stock split only if the Duke Energy shareholders have approved the share issuance proposal and the merger is being completed.**

***Principal Effects of the Reverse Stock Split***

If Duke Energy shareholders approve the reverse stock split proposal and Duke Energy effects the reverse stock split, each Duke Energy shareholder will own a reduced number of shares of Duke Energy common stock upon the effectiveness of the certificate of amendment providing for the reverse stock split. Duke Energy would effect the reverse stock split simultaneously for all outstanding shares of Duke Energy common stock. The reverse stock split would not change the number of authorized shares of Duke Energy common stock. The reverse stock split will affect all Duke Energy shareholders uniformly and will not change any Duke Energy shareholder s percentage ownership interest in Duke Energy, except to the extent that the reverse stock split would result in any Duke Energy shareholders otherwise owning a fractional share that will be cashed out. Therefore, voting rights and other rights and preferences of the holders of Duke Energy common stock will not be affected by the reverse stock split (other than as a result of the payment of cash in lieu of fractional shares). Shares of Duke Energy common stock issued pursuant to the reverse stock split will remain fully paid and nonassessable.

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As of the effective time of the reverse stock split, Duke Energy will adjust and proportionately decrease the number of shares of Duke Energy common stock reserved for issuance upon exercise of, and adjust and proportionately increase the exercise price of, all options and other rights to acquire Duke Energy common stock. In addition, as of the effective time of the reverse stock split, Duke Energy will adjust and proportionately decrease the total number of shares of Duke Energy common stock that may be the subject of future grants under Duke Energy's stock option and incentive plans.

The reverse stock split will not affect the number of authorized shares of Duke Energy common stock, which will continue to be 2,000,000,000. As a result, an additional effect of the reverse stock split would be to increase the number of authorized but unissued shares of Duke Energy common stock. This could result in the combined company being able to issue more shares without further shareholder approval. Duke Energy has no current plans to issue shares, other than in connection with the merger or in the ordinary course of business in connection with Duke Energy's stock compensation plans.

***Fractional Shares***

Duke Energy will not issue any fractional shares of Duke Energy common stock in connection with the reverse stock split, except with respect to shares of Duke Energy common stock held in participant accounts under Duke Energy's dividend reinvestment plan. The proposed form of certificate of amendment to the amended and restated certificate of incorporation of Duke Energy provides that each shareholder (other than with respect to shares held in participant accounts under Duke Energy's dividend reinvestment plan) who would otherwise be entitled to receive a fractional share of Duke Energy common stock as a result of the combination will, with respect to such fractional share, be entitled to receive cash in lieu of such fractional share in an amount equal to the net cash proceeds attributable to the sale of such fractional share following the aggregation and sale by Duke Energy's transfer agent of all fractional shares of Duke Energy common stock otherwise issuable, on the basis of prevailing market prices at such time.

***Effect on Registered Book-Entry Shareholders***

Registered Duke Energy shareholders may hold some or all of their shares of Duke Energy common stock electronically in book-entry form. These Duke Energy shareholders will not have share certificates evidencing their ownership of Duke Energy common stock. They are, however, provided with a statement reflecting the number of shares registered in their accounts.

If you hold registered shares in book-entry form, you do not need to take any action to receive your post-reverse stock split shares.

If you are entitled to post-reverse stock split shares, a transaction statement will automatically be sent to your address of record indicating the number of shares you hold.

***Effect on Registered Certificated Shareholders***

Some registered Duke Energy shareholders hold all their shares of Duke Energy common stock in certificate form or a combination of certificate and book-entry form. If you hold any of your shares of Duke Energy common stock in certificate form, you will receive a letter of transmittal from Duke Energy's transfer agent as soon as practicable after the effective date of the reverse stock split. The letter of transmittal will contain instructions on how to surrender your certificate(s) representing your pre-reverse stock split shares to the transfer agent. Upon receipt of your share certificate, Duke Energy will issue to you the appropriate number of shares of Duke Energy common stock electronically in book-entry form (or in certificated form if you request physical certificates) and provide a statement reflecting the number of shares registered in your account. Duke Energy will not issue any new shares of Duke Energy common stock in book-entry form (or certificated form if you request physical certificates) to you until you surrender your outstanding certificate(s), together with the properly completed and executed letter of transmittal, to the transfer agent. At any time after receipt of your statement



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reflecting the number of shares registered in your book-entry account, you may request a share certificate representing your ownership interest.

***Procedure for Effecting Reverse Stock Split and Exchange of Stock Certificates***

If Duke Energy shareholders approve the reverse stock split proposal and Duke Energy effects the reverse stock split, Duke Energy expects to file the proposed certificate of amendment with the Secretary of State of the State of Delaware on or about the date on which we complete the merger. Beginning on the effective date of the reverse stock split, each certificate representing pre-reverse split shares of Duke Energy common stock will be deemed for all corporate purposes to evidence ownership of post-reverse stock split shares.

As soon as practicable after the effective date of the reverse stock split, Duke Energy will notify its shareholders that it has effected the reverse stock split. Duke Energy expects that Duke Energy's transfer agent will act as exchange agent for purposes of implementing the exchange of stock certificates. Holders of pre-reverse split shares will be asked to surrender to the exchange agent certificates representing pre-reverse split shares in exchange for post-reverse stock split shares in electronic book-entry form (unless such shareholder requests physical certificates) in accordance with the procedures to be set forth in a letter of transmittal to be sent by Duke Energy's transfer agent. Duke Energy will not issue any shares to a Duke Energy shareholder until such shareholder has surrendered such shareholder's outstanding certificate(s) together with the properly completed and executed letter of transmittal to the exchange agent. Any pre-reverse split shares submitted for transfer, whether pursuant to a sale or other disposition, or otherwise, will automatically be exchanged for post-reverse stock split shares. **DUKE ENERGY SHAREHOLDERS SHOULD NOT DESTROY ANY STOCK CERTIFICATE(S) AND SHOULD NOT SUBMIT ANY CERTIFICATE(S) UNLESS AND UNTIL REQUESTED TO DO SO.** For Duke Energy shareholders who hold registered shares in book-entry form, at the effective time, the transfer agent will update your ownership amounts on Duke Energy's books and a transaction statement will