

Creating Climate Change Employee Awareness

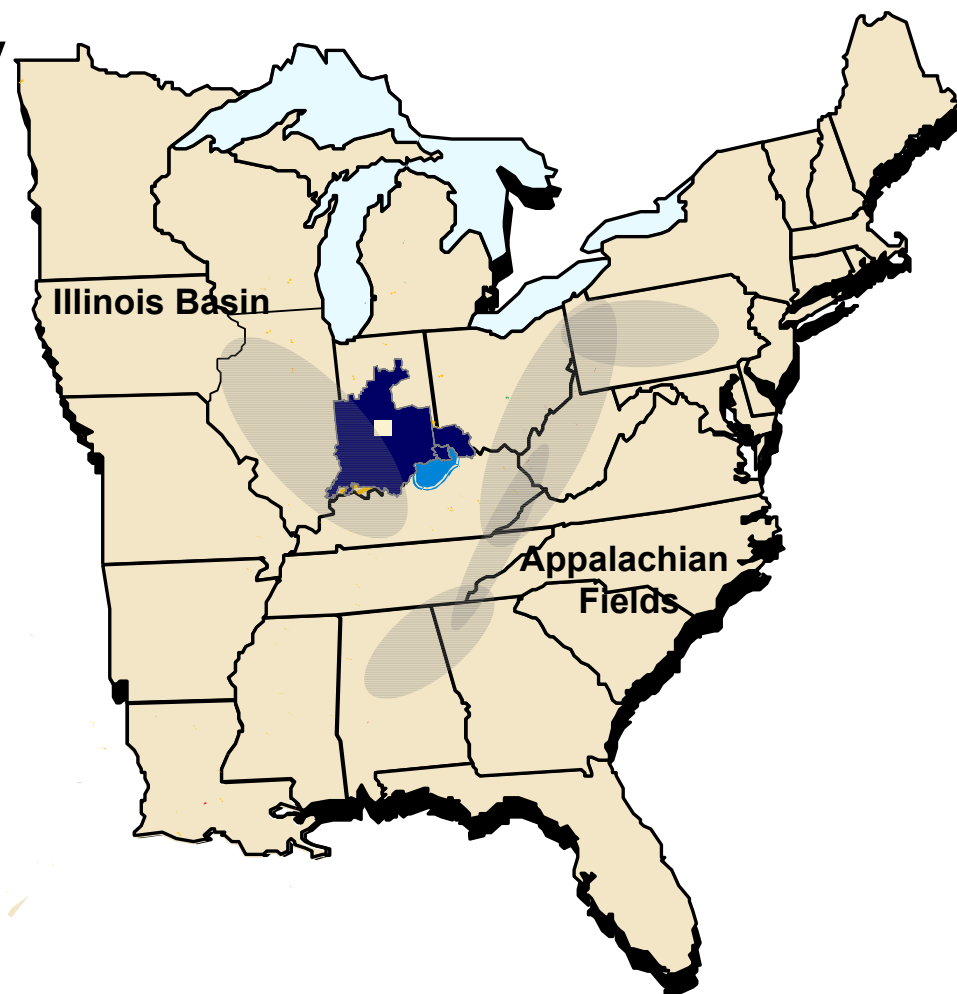
Eric Kuhn (Cinergy Corp.)

Climate Leaders Partners Meeting
Washington, D.C.
May 6, 2005



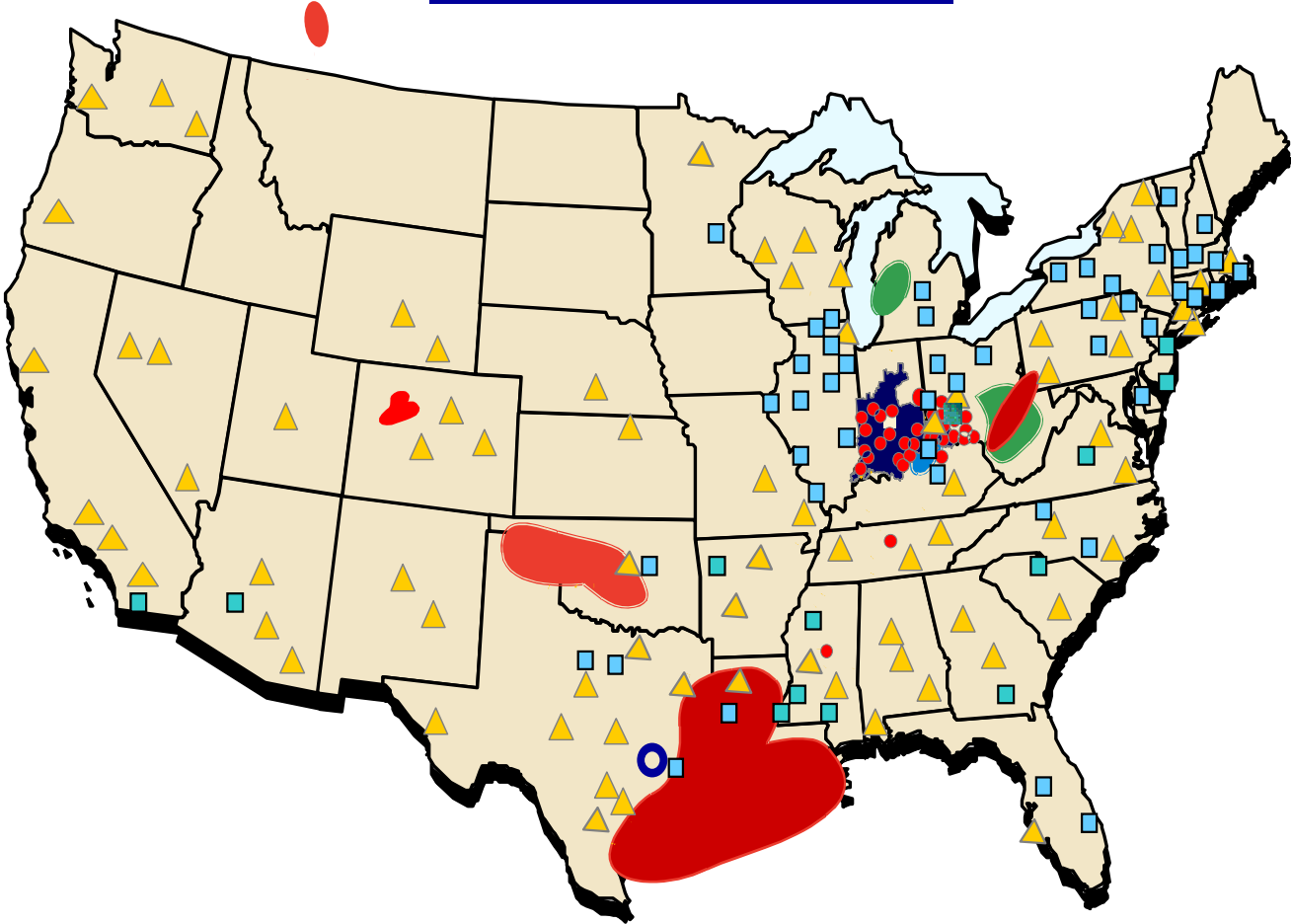
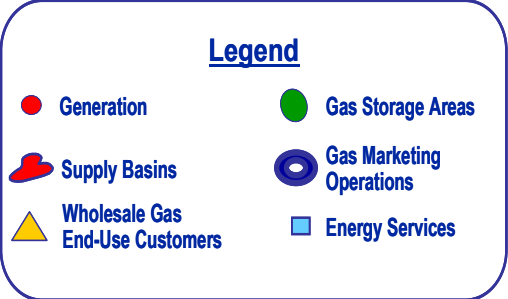
Cinergy Corporate Overview (1 of 3)

- Public utility holding company based in Cincinnati, OH
- Serve approximately 1.5 million retail electric and 500,000 retail natural gas customers
- Cinergy is one of the top 20 generators of electricity in the U.S.
 - Owns or operates ~21,000 MW of electric generation and combined heat and power projects in the U.S.
 - 13,000+ MW comprise our core system of 14 base-load and 7 peaking stations located in OH, IN, and KY

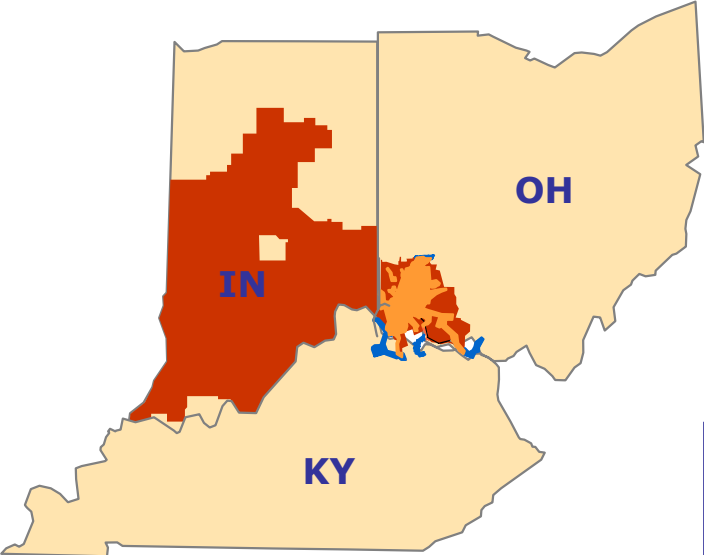


Cinergy Corporate Overview (2 of 3)

Commercial Platform



Regulated Platform



Cinergy Corporate Overview (3 of 3)

- 78% of Cinergy's core electricity generating capacity is coal fired and 22% is natural gas fired
- In 2004 99% of the total electricity generated was coal-fired
 - Natural gas typically is used to meet peak load
 - in 2004, natural gas accounted for only 1% of total electricity generated
- Cinergy is strategically located near important coal fields and key transportation links
 - Allows Cinergy to buy coal from mines near power generation facilities
 - Allows Cinergy to optimize the blend of coal from various mines
 - Cinergy also can Purchase coal transported via the Ohio River, including PRB
- Coal is the least expensive fuel available, making it possible for Cinergy to provide very low cost electricity to end-users¹
 - Cinergy \$0.058 / kWh – 99% Coal
 - Ohio \$0.068 / kWh – 91% Coal
 - Indiana \$0.057 / kWh – 95% Coal
 - New York \$0.128/ kwh – 19% Coal
 - California \$0.118 / kWh – 2% Coal

Source: U.S., DOE, Energy Information Administration

Cinergy's GHG Management Goal

- 5% below 2000 GHG emissions levels by 2010-12
 - 2000 corporate baseline emissions = ~74 M tons CO₂e
 - Mid-range emissions projection in 2010 = ~79 M tons CO₂e
 - Goal = ~70 M tons CO₂e annually
 - ~30 M tons CO₂e reductions needed 2010-2012
- Pledged to spend \$21 million on GHG emissions reduction efforts during 2004-09
- Developed partnership with Environmental Defense
- Why did Cinergy do this?
 - Address potentially significant environmental risk
 - Stakeholder interest
 - Build internal expertise to manage future carbon constraint

Make It A Team Effort

- Corporate Culture
 - Be on the front line
 - “lead the parade”
 - Innovative
 - Have a “seat at the table”
 - Active rather than passive
- Senior management support
 - Clear mission statement
 - GHG Management Goal
 - Public statements
 - Resource support
 - Employees
 - Financial

Communication From the Top Down

- Senior management endorsement
 - CEO support
 - Business Units (direct reports to CEO)
 - Corporate
 - Commercial Business Unit
 - Power plants
 - Power trading
 - Cinergy Solutions
 - CHP
 - Demand Solutions
 - International
 - Regulated Business Unit
 - Wires
 - Natural gas pipelines
- GHG Management Committee
 - Representation from all business units
 - Manage GHG Goal implementation
 - Manage \$21 million GHG project fund

Employee Involvement in Finding Solutions

- Annual request for ideas (RFI) to reduce or offset CO₂ emissions
 - Annual allocation of \$3 million 2004 through 2009
 - Sent to all business units
 - Only requires an idea and a project sponsor
- More than 100 project ideas submitted 2004-2005
 - Heat rate
 - Renewable energy
 - Energy conservation
 - Sequestration
 - Research and development
 - Wind and solar
 - Biomass
 - Hybrid vehicles
- Projects funded in 2004 and 2005 are projected to reduce or offset more than 600,000 tons of CO₂ annually

Communication of Activities

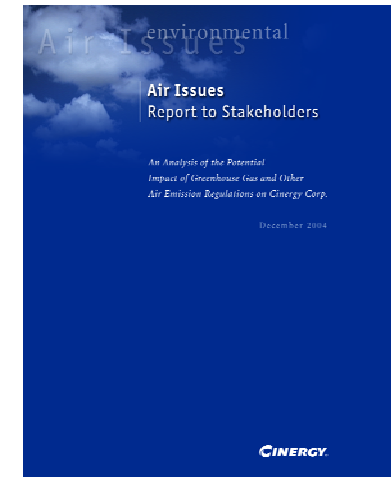
- Communications
 - External press releases
 - Announcement of GHG goal (9-9-03)
 - Announcement of 2004 GHG funded project (9-15-04)
 - Coverage of CEO address and interviews (PBS “Now”)
 - Internal communications via intranet



- Articles about various aspects of Cinergy’s efforts to achieve its GHG goal
 - Announcement of goal
 - Announcement of RFI
 - Project awards
 - Special interest articles – Company hybrid cars

Special Reports and Publications

- “Air Issues Report to Stakeholders”
 - Initiated in reaction to a shareholders interest
 - Covers potential impact and risk of future SO₂, NO_x, Mercury, and Carbon
 - Cinergy’s views of a “carbon constrained world” to provide certainty
 - Balanced results addressing all stakeholders concerns
 - www.cinergy.com
- 2004 Annual Report “Global Warming: Can We Find Common Ground”
 - Climate change “signposts”
 - Interviews with 23 stakeholders representing 8 stakeholder groups
 - www.cinergy.com



Summary

- Needs to fit corporate culture
- Top down
 - CEO to Direct Reports
- Communication to employees and stakeholders
- Employees are involved in finding solutions
 - Bottom up
- Keep employees and stakeholders updated on a regular basis
- Contact Information
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