CINERGY SERVICES

Cinergy Services, Inc.
1000 East Main Street
Plainfield, IN 46168-1782

SUSAN C. WILDE
Senior Paralegal
Tel 317.838.2198
Fax 317.838.1842
swilde@cinergy.com

VIA OVERNIGHT DELIVERY

July 8, 2005

Ms. Elizabeth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Re: In the Matter of the Joint Application of Duke Energy Corporation, Duke Energy Holding Corp., Deer Acquisition Corp., Cougar Acquisition Corp., Cinergy Corp., The Cincinnati Gas & Electric Company, and The Union Light, Heat and Power Company for Approval of a Transfer and Acquisition of Control
Case No. 2005-00228

Dear Ms. O'Donnell:

I have enclosed an-as filed copy of Form S-4 (Registration Statement Under the Securities Act of 1933), which was filed on June 30, 2005 with the Securities and Exchange Commission, related to the Duke/Cinergy merger.

I have also enclosed file-stamped copies of the applications for merger approval filed with the Indiana Utility Regulatory Commission and the Public Utilities Commission of Ohio.

If you have any questions, please do not hesitate to contact me at (317) 838-2198.

Sincerely,

Susan Wilde

Susan C. Wilde

c: Hon. Dennis Howard (w/encl.)

As Filed with the Securities and Exchange Commission on June 30, 2005

Registration No. 333-

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

FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

DUKE ENERGY HOLDING CORP.
(Exact name of Registrant as specified in its charter)

Delaware	4931	20-2777218
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(IRS 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)

B. Keith Trent, Esq.
Group Vice President—General Counsel and Secretary
Duke Energy Corporation
526 South Church Street
Charlotte, North Carolina 28202
(704) 382-0714
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies To:

Peter A. Atkins, Esq. **Sheldon S. Adler, Esq.** **Skadden, Arps, Slate, Meagher & Flom LLP** **Four Times Square** **New York, New York 10036** **(212) 735-3000**	**Marc E. Manly, Esq.** **Cinergy Corp.** **139 East Fourth Street** **Cincinnati, Ohio 45202** **(513) 421-9500**	**Steven A. Rosenblum, Esq.** **Stephanie J. Seligman, Esq.** **Wachtell, Lipton, Rosen & Katz** **51 West 52nd Street** **New York, New York 10019** **(212) 403-1000**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective.

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. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common stock, no par value	1,255,615,954	$44.035 for Cinergy Corp. $29.395 for Duke Energy Corporation	$36,540,369,563	$4,300,801

(1) The number of shares of common stock, no par value per share, of the registrant ("Duke Energy Holding common stock") being registered is based upon the sum of (i) the product obtained by multiplying (x) 202,317,919 shares of common stock, par value $0.01 per share, of Cinergy ("Cinergy common stock") estimated to be outstanding immediately prior to the Cinergy merger by (y) the exchange ratio of 1.56, plus (ii) 940,000,000 shares of common stock, no par value per share, of Duke Energy ("Duke Energy common stock") estimated to be outstanding immediately prior to the Duke merger.

(2) Pursuant to Rules 457(f)(1) and 457(c) under the Securities Act and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is the sum of (i) the product obtained by multiplying (x) $44.035 (the average of the high and low prices of Cinergy common stock on June 24, 2005), by (y) 202,317,919 shares of Cinergy common stock (estimated number of shares of Cinergy common stock to be canceled in the Cinergy merger), plus (ii) the product obtained by multiplying (a) $29.395 (the average of the high and low prices of Duke Energy common stock as reported on the New York Stock Exchange on June 24, 2005), by (b) 940,000,000 shares of Duke Energy common stock (estimated number of shares of Duke Energy common stock to be canceled in the Duke merger).

(3) Calculated by multiplying the estimated aggregate offering price of securities to be registered by .00011770.

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 said Section 8(a), may determine.

MERGERS PROPOSED—YOUR VOTE IS VERY IMPORTANT

Dear Shareholders:

The boards of directors of Duke Energy Corporation and Cinergy Corp. have approved the merger of Duke Energy and Cinergy. A new company incorporated in Delaware, currently named Duke Energy Holding Corp., will hold what today are Duke Energy and Cinergy's independent businesses. Upon consummation of the merger, the new company will be renamed Duke Energy Corporation.

The combined company will have approximately $27 billion in annual revenues and $1.6 billion in annual net income, based on pro forma financial results for the 2004 fiscal year. It will own and/or operate approximately 54,000 megawatts of electric generation domestically and internationally and will have approximately 5.4 million customers. It will have operations in two-thirds of the United States, as well as Canada and parts of Latin America and will also include sizable regulated and unregulated energy groups with leadership positions in electricity generation, energy marketing and trading, gas gathering and processing and natural gas transmission.

If the merger is completed, Duke Energy shareholders will receive one share of the new company's common stock for each share of Duke Energy common stock held, and Cinergy shareholders will receive 1.56 shares of the new company's common stock for each share of Cinergy common stock held. Based on the number of shares of common stock of Duke Energy and Cinergy outstanding on May 6, 2005, the last trading day prior to the public announcement of the merger, former Duke Energy shareholders will own approximately 76% of the common stock of the new company and former Cinergy shareholders will own approximately 24% of the common stock of the new company.

Duke Energy and Cinergy will each hold a special meeting of their shareholders to consider and vote on the mergers. Every vote is important. Whether or not you plan to attend your company's special meeting, please take the time to vote by following the instructions on your proxy card.

The places, dates and times of the special meetings are as follows:

For Duke Energy shareholders:
10:00 a.m., [ ], [ ], 2005
O.J. Miller Auditorium in the Energy Center
526 South Church Street
Charlotte, North Carolina 28202

For Cinergy shareholders:
[•]

We enthusiastically support this combination of our companies and join with our boards in recommending that you vote **FOR** the approval of the agreement and plan of merger and the mergers.

Sincerely,

Paul M. Anderson
Chairman and Chief Executive Officer
Duke Energy Corporation

Sincerely,

James E. Rogers
Chairman, President and Chief Executive Officer
Cinergy Corp.

For a discussion of risk factors which you should consider in evaluating the mergers, see "RISKS RELATING TO THE MERGERS" beginning on page 24.

We expect that approximately [•] million shares of the new company's common stock, no par value per share, will be issued in connection with the mergers and that the new company's common stock will be listed on the New York Stock Exchange.

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the mergers and other transactions described in this joint proxy statement/prospectus nor have they approved or disapproved the issuance of the new company's common stock to be issued in connection with the mergers, or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated [•], 2005, and is first being mailed to shareholders on or about [•], 2005.

DUKE ENERGY CORPORATION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON [•], 2005

To the Shareholders of Duke Energy Corporation:

We will hold a special meeting of the shareholders of Duke Energy Corporation, on [•], [•], 2005 at 10:00 a.m., local time, in the O.J. Miller Auditorium in the Energy Center located at 526 South Church Street in Charlotte, North Carolina, to consider and vote upon a proposal to approve the Agreement and Plan of Merger, dated as of May 8, 2005, as amended, by and among Duke Energy Corporation, Cinergy Corp., Duke Energy Holding Corp., Deer Acquisition Corp., a wholly-owned subsidiary of Duke Energy Holding that will merge into Duke Energy, and Cougar Acquisition Corp., a wholly-owned subsidiary of Duke Energy Holding that will merge into Cinergy.

We will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement of it by the Duke Energy board of directors.

Only holders of record of shares of Duke Energy common stock and Duke Energy preferred stock at the close of business on [•], 2005, the record date for the special meeting, are entitled to notice of the special meeting, and only holders of record of shares of Duke Energy common stock at the close of business on the record date are entitled to vote at the special meeting and any adjournments or postponements of the special meeting.

We cannot complete the mergers described above unless holders of a majority of all shares of Duke Energy common stock outstanding that are entitled to vote at the Duke Energy special meeting vote to approve the agreement and plan of merger and thereby approve the mergers.

For more information about the mergers described above and the other transactions contemplated by the agreement and plan of merger, please review the accompanying joint proxy statement/prospectus and the agreement and plan of merger attached to it as Annex A.

Your vote is important. Whether or not you plan to attend the special meeting, please complete, sign and date the enclosed proxy and return it promptly in the enclosed postage-paid envelope. You may also cast your vote by telephone or electronically by following the instructions on your proxy card.

Please do not send any share certificates at this time. If the mergers are consummated, we will notify you of the procedures for exchanging Duke Energy share certificates for shares of Duke Energy Holding Corp.

By Order of the Board of Directors,

Name: B. Keith Trent, Esq.
Title: Group Vice President—General Counsel and Secretary

Charlotte, North Carolina
[•], 2005

CINERGY CORP.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON [•], 2005

To the Shareholders of Cinergy Corp.:

We will hold a special meeting of the shareholders of Cinergy Corp. on [•], [•], 2005 at 9:00 a.m., local time, at the [•], to consider and vote upon a proposal to adopt the Agreement and Plan of Merger dated as of May 8, 2005, as amended, by and among Cinergy Corp., Duke Energy Corporation, Duke Energy Holding Corp., Deer Acquisition Corp., a wholly-owned subsidiary of Duke Energy Holding that will merge into Duke Energy, and Cougar Acquisition Corp., a wholly-owned subsidiary of Duke Energy Holding that will merge into Cinergy.

We will transact no other business at the special meeting, except for business properly brought before the special meeting or any adjournment or postponement of it by the Cinergy board of directors.

Only holders of record of shares of Cinergy common stock at the close of business on [•], 2005, 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.

We cannot complete the mergers described above unless holders of a majority of all shares of Cinergy common stock outstanding and entitled to vote at the Cinergy special meeting vote to adopt the agreement and plan of merger and thereby approve the mergers.

For more information about the mergers described above and the other transactions contemplated by the agreement and plan of merger, please review the accompanying joint proxy statement/prospectus and the agreement and plan of merger attached to it as Annex A.

Your vote is important. Whether or not you plan to attend the special meeting, please complete, sign and date the enclosed proxy and return it promptly in the enclosed postage-paid envelope. You may also cast your vote by telephone or electronically by following the instructions on your proxy card.

Please do not send any share certificates at this time. If the mergers are consummated, we will notify you of the procedures for exchanging Cinergy share certificates for shares of Duke Energy Holding Corp.

By Order of the Board of Directors,

_____

Name: Julia S. Janson
Title: Corporate Secretary and Chief Compliance Officer

Cincinnati, Ohio
[•], 2005

REFERENCES TO ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Duke Energy and Cinergy from other documents that are not included in or delivered with this joint proxy statement/prospectus. This information is available for you to review at the Securities and Exchange Commission's public reference room located at 100 F Street, N.E., Room 1850, Washington, DC 20549, and through the SEC's website, *www.sec.gov.* You can also obtain those documents incorporated by reference in this joint proxy statement/prospectus by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Duke Energy Corporation
526 South Church Street
Charlotte, North Carolina 28202
(800) 488-3853
Attention: Investor Relations
www.duke-energy.com/investors

Cinergy Corp.
139 East Fourth Street
Cincinnati, Ohio 45202
(800) 262-3000 Ext. 1235
Attention: Investor Relations
www.cinergy.com/investors

If you would like to request documents, please do so by [•], 2005 in order to receive them before the special meetings.

See "Where You Can Find More Information" beginning on page 178.

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 at *www.proxyvote.com* and following the instructions on the website. Internet voting is available 24 hours a day. If you vote over the Internet, do not return your proxy card(s) or voting instruction card(s).

Telephone. You can vote by telephone by calling the toll-free number (800) 690-6903 in the United States, Canada or Puerto Rico on a touch-tone phone. You will then be prompted to enter the control number printed on your proxy card and to follow the subsequent instructions. Telephone voting is available 24 hours a day. If you vote by telephone, do not return your proxy card(s) or voting instruction card(s).

Mail. You can vote by mail by simply completing, signing, dating and mailing your proxy card(s) or voting instruction card(s) in the postage-paid envelope included with this joint proxy statement/ prospectus.

Cinergy shareholders of record may submit their proxies by:

Internet. You can vote over the Internet by accessing the website at *www.cesvote.com* and following the instructions on the website. Internet voting is available 24 hours a day. If you vote over the Internet, do not return your proxy card(s) or voting instruction card(s).

Telephone. You can vote by telephone by calling the toll-free number (888) 693-8683 in the United States, Canada or Puerto Rico on a touch-tone phone. You will then be prompted to enter the control number printed on your proxy card and to follow subsequent instructions. Telephone voting is available 24 hours a day. If you vote by telephone, do not return your proxy card(s) or voting instruction card(s).

Mail. You can vote by mail by simply completing, signing, dating and mailing your proxy card(s) or voting instruction card(s) in the postage-paid envelope included with this joint proxy statement/ prospectus.

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

TABLE OF CONTENTS

SUMMARY

This summary highlights selected information from this joint proxy statement/prospectus and may not contain all of the information that is important to you. To understand the agreement and plan of merger and the mergers fully and for a more complete description of the legal terms of the agreement and plan of merger and the mergers, you should carefully read this entire joint proxy statement/prospectus and the other documents to which we have referred you. See "Where You Can Find More Information" beginning on page 178. We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary.

Except where indicated otherwise, as used in this joint proxy statement/prospectus "Duke Energy" refers to Duke Energy Corporation and its consolidated subsidiaries, and "Cinergy" refers to Cinergy Corp. and its consolidated subsidiaries.

References to "we" or "our" and other first person references and to "Duke Energy Holding" in this joint proxy statement/prospectus refer to Duke Energy Holding Corp. (formerly named Deer Holding Corp.) and are intended, unless otherwise indicated by the context, to refer to Duke Energy Holding Corp. and its consolidated subsidiaries following consummation of the mergers (as described more fully herein).

In this joint proxy statement/prospectus, we refer to the Agreement and Plan of Merger, dated as of May 8, 2005, including all exhibits and schedules thereto, by and among Duke Energy, Cinergy, Duke Energy Holding Corp. (formerly named Deer Holding Corp.), Deer Acquisition Corp. and Cougar Acquisition Corp. as the "merger agreement."

Questions and Answers About the Mergers

Q: Why am I receiving this document?

A: We are delivering this document to you because it is a joint proxy statement being used by both the Duke Energy and Cinergy boards of directors to solicit proxies of Duke Energy and Cinergy shareholders in connection with the merger agreement and the mergers. In addition, this document is a prospectus being delivered to Duke Energy and Cinergy shareholders because Duke Energy Holding is offering shares of its common stock to be issued in exchange for shares of Duke Energy common stock and Cinergy common stock if the mergers are completed.

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

A: The meeting of Duke Energy shareholders will take place at 10:00 a.m., local time, on [•], 2005, in the O.J. Miller Auditorium in the Energy Center located at 526 South Church Street in Charlotte, North Carolina.

The meeting of Cinergy shareholders will take place at 9:00 a.m., local time, on [•], 2005, in [•].

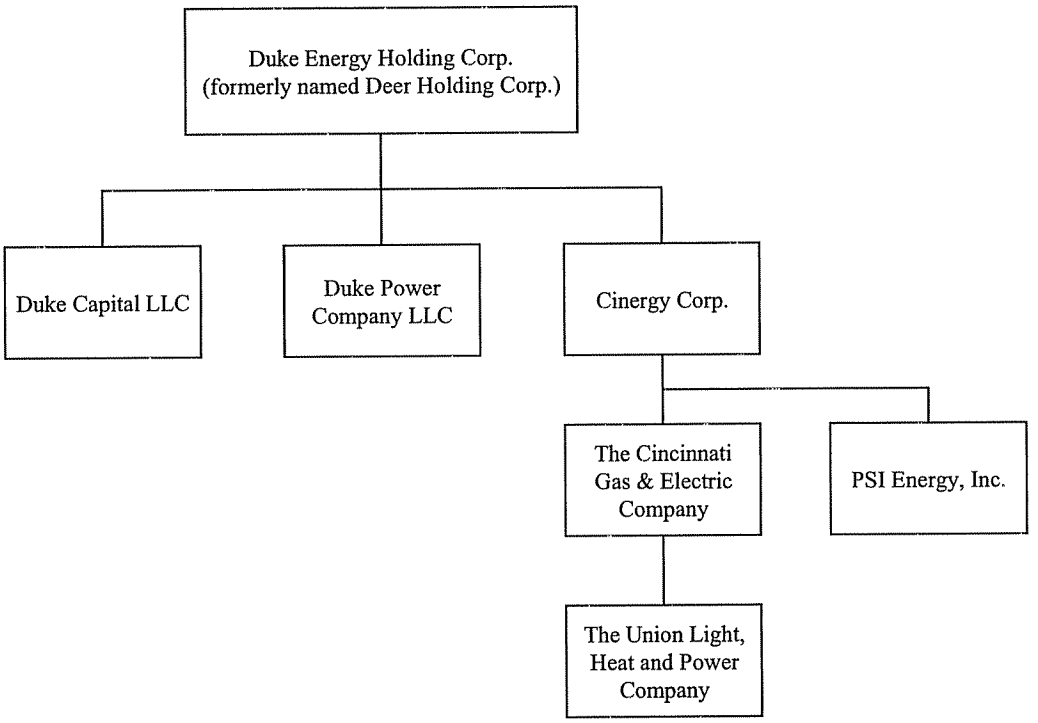
The locations of the Duke Energy and Cinergy special meetings are set forth on pages 44 and 49, respectively.

Q: What will happen in the proposed transaction?

A: Prior to entering into the merger agreement, Duke Energy formed a new Delaware corporation, Duke Energy Holding Corp. When the transactions are consummated, Duke Energy Holding's two newly-created wholly-owned subsidiaries, Deer Acquisition Corp. and Cougar Acquisition Corp., will merge with and into Duke Energy and Cinergy, respectively, as a result of which each of Duke Energy and Cinergy will become wholly-owned subsidiaries of Duke Energy Holding. These mergers are referred to in this joint proxy statement/prospectus as the "mergers." The merger of

Deer Acquisition Corp. with and into Duke Energy is referred to in this joint proxy statement/prospectus as the "Duke Energy merger" and the merger of Cougar Acquisition Corp. with and into Cinergy is referred to in this joint proxy statement/prospectus as the "Cinergy merger."

Immediately following the Duke Energy merger, Duke Energy intends to convert to a limited liability company and transfer ownership of Duke Capital LLC to Duke Energy Holding. The conversion of Duke Energy to a limited liability company is referred to in this joint proxy statement/prospectus as the "Duke Energy conversion." The Duke Energy merger and the Duke Energy conversion taken together are referred to in this joint proxy statement/prospectus as the "Duke Energy reorganization." After the mergers, the current shareholders of Duke Energy and Cinergy will be the shareholders of Duke Energy Holding. The surviving corporation of the Duke Energy merger will be converted into a limited liability company and renamed Duke Power Company LLC, which we refer to as Duke Power. Following the mergers, the structure of the combined company is expected to look like this:



Additional information on the mergers is located beginning on page 54.

Q: What will I receive for my shares?

A: As a result of the mergers, each Duke Energy shareholder will receive one share of Duke Energy Holding common stock for each share of Duke Energy common stock held. Each Cinergy shareholder will receive 1.56 shares of Duke Energy Holding common stock for each share of Cinergy common stock held, which we refer to in this joint proxy statement/prospectus as the "Cinergy exchange ratio." No fractional shares of Duke Energy Holding will be issued in the mergers. Shareholders of Duke Energy and Cinergy will receive cash in lieu of fractional shares, except in connection with the rollover of shares held in each of Duke Energy's and Cinergy's dividend reinvestment plans into a new dividend reinvestment plan to be established by Duke Energy Holding, pursuant to which fractional shares will be issued. Immediately following the

mergers, based on the number of shares of common stock of Duke Energy and Cinergy outstanding as of May 6, 2005, the last trading day prior to the public announcement of the mergers, former Duke Energy shareholders will own approximately 76% of Duke Energy Holding's common stock and former Cinergy shareholders will own approximately 24% of Duke Energy Holding's common stock.

Additional information on the consideration to be received in the mergers is located beginning on page 129.

Q: Why have Duke Energy and Cinergy decided to merge?

A: Duke Energy and Cinergy believe that the combination will provide substantial strategic and financial benefits to their shareholders, employees and customers, including:

- increased financial strength and flexibility;
- expanded capacity to generate electricity;
- stronger utility business platform;
- greater scale and fuel diversity, as well as improved operational efficiencies for the merchant generation and trading and marketing businesses;
- broadened electric distribution platform;
- improved reliability and customer service through the sharing of best practices;
- increased scale and scope of the electric and gas businesses with stand-alone strength;
- complementary positions in the midwest;
- greater customer diversity; and
- combined expertise and significant synergies.

Additional information on the reasons for the mergers is located beginning on page 64 for Duke Energy and on page 86 for Cinergy.

Q: What vote is required to approve the mergers?

A: For both Duke Energy and Cinergy, the affirmative vote of a majority of their respective shares of common stock outstanding and entitled to vote as of the respective record dates is required to approve or adopt the merger agreement and approve the mergers. Because approval or adoption of the merger agreement and approval of the mergers requires the affirmative vote of a majority of the shares of common stock outstanding and entitled to vote of each of Duke Energy and Cinergy as of the respective record dates, if you abstain or fail to vote your shares in favor of approval or adoption of the merger agreement and approval of the mergers, this will have the same effect as voting your shares against approval or adoption of the merger agreement and approval of the mergers.

At the close of business on May 20, 2005, directors and executive officers of Duke Energy beneficially owned less than 1% of the then outstanding shares of Duke Energy common stock. Each Duke Energy director and executive officer has indicated his or her present intention to vote, or cause to be voted, the shares of Duke Energy common stock owned by him or her for the approval of the merger agreement and the mergers.

At the close of business on May 6, 2005, directors and executive officers of Cinergy beneficially owned approximately 1.71% of the then outstanding shares of Cinergy common stock. Each Cinergy director and executive officer has indicated his or her present intention to vote, or cause

to be voted, the shares of Cinergy common stock owned by him or her for the adoption of the merger agreement and approval of the mergers.

Additional information on the vote required to approve the transactions is located on page 45 for Duke Energy and on page 50 for Cinergy.

Q: What will happen to my future dividends?

A: As permitted under the merger agreement, Duke Energy increased its regular quarterly cash dividend to $0.31 per share of common stock beginning with the September 2005 quarterly payment, and its annual dividend accordingly is $1.24 per share of common stock.

Cinergy may continue to pay its regular quarterly cash dividend not to exceed $0.48 per share of common stock and does not currently anticipate making any changes to its dividend policies prior to the consummation of the mergers. Pursuant to the merger agreement, Cinergy is not permitted to increase its dividend absent the consent of Duke Energy.

After the mergers, it is currently expected that Duke Energy Holding will continue the dividend policy of Duke Energy in effect at the time of the mergers.

Additional information on Duke Energy Holding's dividend policy is located on page 110.

Q: Will Duke Energy Holding's shares be traded on an exchange?

A: It is a condition to the completion of the mergers that the shares of common stock of Duke Energy Holding that will be issuable pursuant to the mergers be approved for listing on the New York Stock Exchange, or NYSE. We intend to apply to the NYSE prior to the consummation of the mergers to list Duke Energy Holding common stock and intend that shares of Duke Energy Holding common stock will trade under the symbol "DUK."

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this joint proxy statement/prospectus, please complete and sign your proxy and return 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. You may also cast your vote by telephone or Internet by following the instructions on your proxy card.

Additional information on voting procedures is located beginning on page 45 for Duke Energy and on page 50 for Cinergy.

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 and do not indicate how you want to vote, your shares will be voted **FOR** the approval or adoption of the merger agreement and approval of the mergers.

Additional information on voting procedures is located beginning on page 45 for Duke Energy and on page 50 for Cinergy.

Q: May I vote in person?

A: Yes. If you are a shareholder of record of Duke Energy common stock at the close of business on [•], 2005 or of Cinergy common stock at the close of business on [•], 2005, 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.

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

A: Admittance to the special meetings is limited to shareholders of Duke Energy or Cinergy, as the case may be, or their authorized representatives. If you wish to attend your special meeting, bring your proxy or your voter information form. You must also bring photo identification.

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 Cinergy or you own shares of Duke Energy or Cinergy 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 to your company's Corporate Secretary prior to the date of your 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 to your company's Corporate Secretary at the address under "Summary—The Companies" beginning on page 17. 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.

Additional information on changing your vote is located on page 47 for Duke Energy and on page 52 for Cinergy.

Q: If my broker holds my shares in "street name," will my broker vote my shares?

A: If you do not provide your broker with instructions on how to vote your "street name" shares, your broker will not be permitted to vote them at your special meeting. You should therefore be sure to provide your broker with instructions on how to vote your shares. Shareholders should check the voting form used by their brokers to see if your broker offers telephone or Internet voting.

If you do not give voting instructions to your broker, your shares will be counted towards a quorum at your respective special meeting, but will be treated as voting against the merger agreement and the mergers unless you appear and vote in person at your special meeting. If your broker holds your shares and you plan to attend and vote at your special meeting, please bring a letter from your broker identifying you as the beneficial owner of the shares and authorizing you to vote.

Because approval or adoption of the merger agreement and approval of the mergers require the affirmative vote of a majority of the shares outstanding and entitled to vote of each of Duke Energy and Cinergy as of the respective record dates, if you abstain or fail to vote your shares in favor of approval or adoption of the merger agreement and approval of the mergers, this will have the same effect as voting your shares against approval or adoption of the merger agreement and approval of the mergers.

Additional information on changing how to vote if your shares are held in street name is located on page 46 for Duke Energy and on page 51 for Cinergy.

Q: As a participant in the Duke Energy Retirement Savings Plan, how do I vote shares held in my plan account?

A: If you are a participant in the Duke Energy Retirement Savings Plan, you have the right to provide voting directions to the plan trustee on any issue properly presented at the Duke Energy special meeting, by submitting your proxy card for those shares of Duke Energy common stock that are held by the plan and allocated to your plan account. Plan participant proxies will be treated confidentially. If you elect not to provide voting directions to the plan trustee, shares of Duke Energy common stock allocated to your plan account are to be voted by the plan trustee in the same proportion as those shares held by the plan for which the plan trustee has received voting directions from 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 its fiduciary responsibility. Because the plan trustee must process voting instructions from participants before the date of the Duke Energy special meeting, you are urged to deliver your instructions well in advance of the Duke Energy special meeting so that the instructions are received no later than [•], 2005.

Q: As a participant in Cinergy's 401(k) plan, how do I vote shares held in my plan account?

A: Cinergy sponsors three 401(k) plans that hold shares of Cinergy common stock: the Cinergy Corp. Non-Union Employees' 401(k) Plan, the Cinergy Corp. Union Employees' 401(k) Plan and the Cinergy Corp. Union Employees' Savings Incentive Plan. These plans are collectively referred to in this joint proxy statement/prospectus as the "Cinergy 401(k) Plan." If you are a participant in the Cinergy 401(k) Plan, you have the right to provide voting directions to the plan trustee by submitting your proxy card for those shares of Cinergy common stock that are held by the Cinergy 401(k) Plan and allocated to your plan account on any issue properly presented at the special meeting of Cinergy shareholders. Plan participant voting directions will be treated confidentially. The plan trustee will follow participants' voting directions unless it determines that to do so would be contrary to the Employee Retirement Income Security Act of 1974. If you elect not to provide voting directions, the plan trustee will vote the Cinergy shares allocated to your plan account as it determines in its discretion. Because the plan trustee must process voting instructions from participants before the date of the Cinergy special meeting, you are urged to deliver your instructions well in advance of the Cinergy special meeting so that the instructions are received no later than [•], 2005.

Q: Should I send in my share certificates now?

A: No. If the mergers are completed, we will send former shareholders of both Duke Energy and Cinergy written instructions for exchanging their share certificates. Duke Energy Holding shares will be in uncertificated book-entry form unless a physical certificate is requested by the holder.

Q: When do you expect to complete the mergers?

A: Duke Energy, Cinergy and Duke Energy Holding are working to complete the mergers by mid-2006 although we cannot assure completion by any particular date.

Additional information on completing the mergers is located beginning on page 122.

Q: Do I have dissenters' or appraisal rights?

A: Under North Carolina law, holders of shares of Duke Energy common stock who do not vote in favor of the Duke Energy merger and who perfect their dissenters' rights under North Carolina law will have dissenters' rights, also referred to as appraisal rights, as a result of the Duke Energy merger. Under Delaware law, holders of Cinergy common stock will not have dissenters' or appraisal rights as a result of the Cinergy merger.

Additional information on the Duke Energy shareholders dissenters' rights is located beginning on page 114.

Q: How important is my vote?

A: Every vote is important. Because approval or adoption of the merger agreement and approval of the mergers requires the affirmative vote of a majority of the shares of common stock outstanding and entitled to vote of each of Duke Energy and Cinergy as of the respective record dates, if you abstain or fail to vote your Duke Energy or Cinergy shares in favor of approval or adoption of the merger agreement and approval of the mergers, this will have the same effect as voting your Duke Energy or Cinergy shares against approval or adoption of the merger agreement and approval of the mergers.

Q: Who can answer any questions I may have about the special meeting or the mergers?

A: Duke Energy shareholders may call Innisfree M&A Incorporated toll-free at (877) 825-8906 with any questions they may have. Banks and brokers may call collect at (212) 750-5833.

Cinergy shareholders may call Georgeson Shareholder Communications Inc. toll-free at (866) 729-6803 with any questions they may have. Banks and brokers may call collect at (212) 440-9800.

Other Information Regarding the Mergers

Recommendations by the Boards

Duke Energy

At its meeting on May 7, 2005, after due consideration, the Duke Energy board of directors:

- determined that the mergers are advisable, fair to, and in the best interests of, Duke Energy and its shareholders;
- adopted the merger agreement and the mergers; and
- recommended that Duke Energy shareholders vote for the approval of the merger agreement and the mergers.

Cinergy

At its meeting on May 8, 2005, after due consideration, the Cinergy board of directors:

- determined that the mergers are advisable, fair to, and in the best interests of, Cinergy and its shareholders;
- approved and adopted the merger agreement and the mergers; and
- recommended that Cinergy shareholders vote for the adoption of the merger agreement and approve the mergers.

To review the background and reasons for the mergers in greater detail see page 53, to review the risks related to the mergers, see page 23.

Fairness Opinions Presented to the Boards of Directors

Duke Energy

In deciding to adopt the merger agreement and the mergers, the Duke Energy board of directors considered the opinion of each of UBS Securities LLC, or UBS, its financial advisor, and of Lazard Frères & Co. LLC, or Lazard, who was engaged to provide a financial opinion with respect to the proposed mergers, that, as of the date of its opinion, and based upon and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken set forth in the respective opinion, the Cinergy exchange ratio was fair, from a financial point of view, to Duke Energy in the mergers. Copies of the written UBS and Lazard opinions are attached to this joint proxy statement/prospectus as Annexes B and C, respectively. The opinions of UBS and Lazard are addressed to Duke Energy's board of directors and are not a recommendation to any shareholder of Duke Energy as to how to vote with respect to the merger agreement and the proposed mergers or any other matter. Each holder of Duke Energy common stock should read the opinions completely to understand the assumptions made, procedures followed, matters considered and limitations on the review undertaken by, and on the opinion of, each of UBS and Lazard.

Cinergy

In deciding to approve and adopt the merger agreement and the transactions contemplated thereby, including the mergers, the Cinergy board of directors considered the opinion of its financial advisor, Merrill Lynch, Pierce, Fenner & Smith, Incorporated, or Merrill Lynch, to the effect that, as of May 8, 2005, and based upon the assumptions made, matters considered and limits of review set forth in its written opinion, the Cinergy exchange ratio was fair from a financial point of view to the holders of Cinergy common stock. A copy of Merrill Lynch's written opinion is attached to this joint proxy statement/prospectus as Annex D. Merrill Lynch's opinion was intended for the use and benefit of the Cinergy board of directors, does not address the merits of the underlying decision by Cinergy to engage in the Cinergy merger and does not constitute a recommendation to any shareholder as to how that shareholder should vote on the merger agreement, the Cinergy merger or any related matter. Each holder of Cinergy common stock should read the opinion completely to understand the procedures followed, assumptions made, matters considered and qualifications and limitations concerning the review undertaken by and the opinion of Merrill Lynch.

Additional information on the fairness opinions presented to the Duke Energy board of directors and the opinion of Cinergy's financial advisor is located beginning on pages 66 and 89, respectively.

Interests of Directors and Executive Officers in the Mergers

Duke Energy

Shareholders should note that some Duke Energy directors and executive officers have interests in the mergers as directors or officers that are different from, or in addition to, the interests of other Duke Energy shareholders. As provided in the merger agreement, at the completion of the mergers, the Duke Energy Holding board of directors will include ten Duke Energy designees and five Cinergy designees. The merger agreement also provides that certain executive officers of Duke Energy may become officers of Duke Energy Holding when the mergers are consummated. Paul M. Anderson, the Chairman and Chief Executive Officer of Duke Energy, will become the Chairman of the Duke Energy Holding board of directors.

The compensation committee of Duke Energy's board of directors has determined that the transactions contemplated by the merger agreement will not constitute a change in control within the meaning of the Duke Energy 1998 Long-Term Incentive Plan. Moreover, the transactions contemplated by the merger agreement will not constitute a change in control within the meaning of the employment and severance agreements of Duke Energy executive officers.

Additional information relating to the interests of Duke Energy's directors and executive officers in the mergers is located on page 86.

Cinergy

Shareholders should note that some Cinergy directors and executive officers have interests in the mergers as directors or officers that are different from, or in addition to, the interests of other Cinergy shareholders. As provided in the merger agreement, at the completion of the mergers, the Duke Energy Holding board of directors will include five Cinergy designees and ten Duke Energy designees. The merger agreement also provides that certain executive officers of Cinergy may become officers of Duke Energy Holding when the mergers are consummated. James E. Rogers, the Chairman, President and Chief Executive Officer of Cinergy, will become the President and Chief Executive Officer of Duke Energy Holding.

Certain of Cinergy's executive officers have previously entered into employment agreements with Cinergy that include change in control provisions. These agreements provide these officers with severance and other benefits if their employment is terminated or materially adversely modified in certain respects after the mergers. In addition, certain of Cinergy's benefit plans and agreements provide for accelerated vesting or payment of benefits to Cinergy's executive officers upon the consummation of the Cinergy merger.

Additional information relating to the interests of Cinergy's directors and executive officers in the mergers is located beginning on page 103.

The Mergers

The merger agreement is attached as Annex A to this joint proxy statement/prospectus. We encourage you to read the merger agreement in its entirety. It is the principal document governing the mergers and the other transactions contemplated thereby.

Conditions to the Completion of the Mergers

The merger agreement contains customary closing conditions, including the following conditions that apply to the obligations of both Duke Energy and Cinergy:

- Duke Energy and Cinergy shareholder approval or adoption of the merger agreement and the transactions contemplated thereby;
- the absence of governmental action preventing the consummation of the transactions contemplated by the merger agreement;
- the effectiveness of the registration statement on Form S-4 of which this joint proxy statement/prospectus is a part;
- the approval for listing on the NYSE of the shares of common stock of Duke Energy Holding that will be issuable pursuant to the mergers;
- the truth and accuracy of the representations and warranties of the other party, except where such failure to be true and accurate would not have a material adverse effect;
- the performance in all material respects of the other party's obligations under the merger agreement;
- the receipt by each party of a tax opinion from such party's legal counsel;
- the receipt by each party of all required statutory approvals on terms that would not have a material adverse effect (in addition to certain specified dispositions) on the combined company and its prospective subsidiaries, on Cinergy and its subsidiaries, or on Duke Energy and its subsidiaries, in each case, taken as a whole;
- the receipt by each party of the required closing certificate from the other party; and
- the absence of any 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 Duke Energy or Cinergy.

Additional information on the conditions to completion of the mergers is located beginning on page 131.

Termination of the merger agreement

The merger agreement may be terminated at any time prior to the completion of the mergers, whether before or (unless otherwise noted below) after the Duke Energy shareholders approve or the Cinergy shareholders adopt the merger agreement:

- by mutual written consent of Duke Energy and Cinergy;
- by either Duke Energy or Cinergy if:
  - the mergers have not been consummated by the 12-month anniversary of the date of the merger agreement (the initial termination date); provided that the right to terminate will not be available to any party whose failure to perform any of its obligations under the merger agreement results in the failure of the mergers to be consummated by the initial termination date, and provided, further, that, if on that date, all conditions to closing have been fulfilled or are capable of being fulfilled, other than receipt of the required statutory approvals and/or the absence of injunctions on or restraints to the consummation of the mergers, then either party may (on one or more occasions) extend the initial termination date up to the 15-month anniversary of the date of the merger agreement. Furthermore, if the initial termination date occurs during any waiting period prescribed by law before the transactions contemplated by the merger agreement may be consummated, then the initial

termination date will be extended until the 3rd business day after the expiration of such waiting period. In addition, on or about the date that is the 12-month anniversary of the date of the merger agreement, the parties will mutually determine in good faith whether the failure to extend the otherwise applicable termination dates (i.e. the 12-month and 15-month anniversary dates) would be reasonably likely to result in the failure to receive the required consents and approvals from governmental authorities in light of the facts and circumstances in existence on or about the 12-month anniversary of the date of the merger agreement, and if the parties determine that such an extension is appropriate, they will negotiate the terms of such extension in good faith;

- the Duke Energy shareholders or the Cinergy shareholders do not approve or adopt the merger agreement;
- any final and nonappealable order or injunction by any Federal or state court of competent jurisdiction or applicable Federal or state law that prevents the consummation of either of the mergers is in effect, provided that the party seeking to terminate the merger agreement has used its reasonable best efforts to prevent the entry of and to remove any such order, injunction or law;
- any closing condition becomes incapable of satisfaction prior to the otherwise applicable termination date (whether initial or extended), provided that the failure of such closing condition to be capable of satisfaction is not a result of a material breach of the merger agreement by the terminating party;
- the other party materially breaches the merger agreement or fails to perform its obligations in any material respect which breach or failure to perform would give rise to the failure to satisfy a closing condition and the breach or failure to perform is incapable of being or is not cured within 105 days following receipt of written notice from the other party specifying the breach or failure to perform; or
- prior to the approval or adoption of the merger agreement by such party's shareholders, in response to a third-party takeover proposal (as described in "The Merger Agreement—Termination of the Merger Agreement" beginning on page 132) of such party that was not solicited by such party and that did not otherwise result in a breach (other than in immaterial respects) of such party's non-solicitation obligations under the merger agreement, such party's board of directors determines in good faith, after consulting with outside counsel, that the failure to terminate the merger agreement in response to the third-party takeover proposal would be reasonably likely to result in a breach of the board of directors' fiduciary obligations under applicable law, provided that the terminating party notifies the other party that such party has determined that the third-party takeover proposal is a superior proposal (as described in "The Merger Agreement—Termination of the Merger Agreement" beginning on page 132) and at least five business days following receipt by the other party of such notice, the board of directors of the terminating party has determined that such third-party takeover proposal remains a superior proposal.

- by either Duke Energy or Cinergy (prior to the approval or adoption of the merger agreement by such party's shareholders), 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 agreement or the mergers;
  - 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 10 business days following any material modification to the third-party takeover proposal occurring after the receipt of the written request to

reaffirm. In addition, the 15-business day period will recommence each time a third-party takeover proposal is made following the receipt of a written request by the other party from a person that had not previously made a third-party takeover proposal prior to the receipt of the written request by the other party; or

- has approved or recommended, or proposed to approve or recommend, a third-party takeover proposal.

Additional information on termination of the merger agreement is located beginning on page 132.

Termination Fees; Reimbursement of Expenses

Under the circumstances described below, Duke Energy or Cinergy, as applicable, would be required to (i) reimburse the other party for its fees and expenses in an amount not to exceed $35 million and/or (ii) pay a termination fee of $300 million, in the case of a termination fee payable by Cinergy to Duke Energy, and a termination fee of $500 million, in the case of a termination fee payable by Duke Energy to Cinergy, provided that any termination fee payable will be reduced by any amount of any fees and expenses previously reimbursed by such party.

(1) ***Termination due to Third-Party Takeover Proposal Following Shareholder Approval***

(a) A party would be required to reimburse the other party for its fees and expenses if (i) after that party's shareholders approve the merger agreement and the mergers, (ii) a third-party takeover proposal of that party is made known to that party or the intention to make such a takeover proposal is publicly announced (whether or not conditional), (iii) the merger agreement is thereafter terminated by that party because the closing has not occurred on or prior to the 12-month anniversary of the date of the merger agreement (subject to extension as described herein) and (iv) there is no bona fide withdrawal of the third-party takeover proposal.

(b) A party would be required to pay a termination fee to the other party if the conditions in 1(a)(i), 1(a)(ii) and 1(a)(iii) above are met with respect to that party, provided that the termination fee will not be payable by that party unless and until within 6 months of termination, that party consummates any takeover proposal or enters into any acquisition agreement, in either case, with the person (or an affiliate of the person) that made the third-party takeover proposal.

(2) ***Termination due to Third-Party Takeover Proposal Prior to or During Shareholders Meeting***

(a) A party would be required to reimburse the other party for its fees and expenses if (i) a third-party takeover proposal of such party has been publicly disclosed or any person has announced its intention (whether or not conditional) to make a third-party takeover proposal of such party, (ii) the merger agreement is terminated by either party due to the failure of the party who received the third-party takeover proposal to receive the approval of its shareholders in respect of the merger agreement and the mergers and (iii) there is no bona fide withdrawal of the third-party takeover proposal.

(b) A party would be required to pay a termination fee to the other party if the conditions in 2(a)(i) and 2(a)(ii) above are met with respect to such party, provided that the termination fee will not be payable unless and until within 18 months of termination by either party, the party that received the third-party takeover proposal consummates any takeover proposal or enters into any acquisition agreement, in either case, with the person (or an affiliate of the person) that made the third-party takeover proposal.

(3) ***Termination due to Superior Proposal***

A party would be required to pay a termination fee to the other party if (i) prior to that party's receipt of its shareholders approval, (ii) that party receives an unsolicited written third-

party takeover proposal, (iii) that party's board of directors determines in good faith, after consulting with outside counsel, that failure to terminate the merger agreement in response to the third-party takeover proposal would be reasonably likely to result in a breach of its fiduciary obligations under applicable law, (iv) that party's board of directors determines, in good faith that such third-party takeover proposal constitutes a superior proposal, (v) that party notifies the other party in writing of the determination that the alternative takeover proposal is a superior proposal, (vi) at least five days after receipt of that notice by the other party, the party that received the third-party takeover proposal determines that the third-party takeover proposal remains a superior proposal and (vii) that party terminates the merger agreement because of the receipt of that superior proposal.

(4) ***Termination due to Change in Board of Directors Approval***

A party would be required to pay a termination fee to the other party if a party terminates the merger agreement because the other party's board of directors (i) withdraws or modifies, or proposes publicly to withdraw or modify, its approval or recommendation of the merger agreement and the mergers (whether or not in connection with a competing proposal), unless the approval is withdrawn or modified primarily due to adverse conditions, events or action of or relating to the terminating party, or (ii) approves or recommends, or proposes to approve or recommend, a third-party takeover proposal. With respect to (i) above, the party whose board of directors withdraws or modifies its approval or recommendation bears the burden of proof in any court proceeding or arbitration to establish that it did so primarily because of adverse conditions, events or actions of or relating to the terminating party.

Additional information on termination fees is located beginning on page 134.

No Solicitation

Each party agreed in the merger agreement that it will not solicit, initiate or knowingly encourage, or knowingly take any other action designed to facilitate, any inquiries or the making of any third-party takeover proposal or participate in any negotiations or substantive discussions regarding any third-party takeover proposal. Notwithstanding this prohibition, if, at any time prior to receipt of a party's shareholder approval, that party's board of directors determines in good faith, after consultation with its legal and financial advisors, that a third-party takeover proposal that was not solicited by such party and that did not otherwise result from a breach of such party's non-solicitation obligations (other than in immaterial respects) is, or is reasonably likely to lead to, a superior proposal, then, after providing prior written notice of its decision to take such action to the other party and otherwise complying with these provisions, the party may:

(i) furnish information with respect to itself and its subsidiaries to the person making the proposal pursuant to a customary confidentiality agreement containing terms no less favorable than those set forth in the confidentiality agreement between Duke Energy and Cinergy; and

(ii) participate in discussions or negotiations regarding the proposal.

Neither the board of directors of Duke Energy or Cinergy nor any committee thereof may:

(i) withdraw or modify, or propose publicly to withdraw or modify, in a manner adverse to the other party, the approval or recommendation of the merger agreement and the mergers;

(ii) approve or recommend, or propose publicly to approve or recommend, any third-party takeover proposal; or

(iii) cause such party to enter into any letter of intent, agreement in principle, acquisition agreement or similar agreement related to a third-party takeover proposal.

Notwithstanding these prohibitions, in response to a third-party takeover proposal that was not solicited by the party and that did not otherwise result from a breach of that party's non-solicitation

obligations (other than in immaterial respects), at any time prior to receipt of that party's shareholder approval, the board of directors of that party may, if it 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 obligations under applicable law:

(i) withdraw or modify, or propose publicly to withdraw or modify, the approval or recommendation by the board of directors or any committee thereof of the merger agreement and the mergers;

(ii) approve or recommend, or propose to approve or recommend, any superior proposal; or

(iii) terminate the merger agreement.

However, in the case of the foregoing (ii) and (iii), the board of directors must first have determined in good faith that the third-party takeover proposal constitutes a superior proposal and in the case of the foregoing (iii), the party must have notified the other party in writing of its determination that the third-party takeover proposal constitutes a superior proposal and, at least five business days following receipt by the other party of the notice, the board of directors of that party determines that the superior proposal remains a superior proposal.

In circumstances other than in connection with a third-party takeover proposal, at any time prior to receipt of a party's shareholder approval, the board of directors of such party may, if it 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 obligations under applicable law, withdraw or modify, or propose publicly to withdraw or modify, the approval or recommendation by such board of directors or any committee thereof of the merger agreement or the mergers, but only after:

(i) the party notifies the other party in writing that the party's board of directors is prepared to make the above-referenced determination, setting forth the reasons for that determination in sufficient detail;

(ii) for a period of five business days following the other party's receipt of the notice set forth in the foregoing (i), the party negotiates with the other party in good faith to make adjustments to the terms and conditions of the merger agreement, the mergers and the other transactions contemplated thereby as would enable the party's board of directors to proceed with its recommendation; and

(iii) at the end of such five-business day period such party's board of directors maintains its determination described in this paragraph (after taking into account the other party's proposed adjustments to the terms and conditions of the merger agreement, the mergers and the other transactions contemplated thereby).

In addition to the foregoing obligations, the party will as promptly as practicable advise the other party, orally and in writing, of any request for information or of any third-party takeover proposal, the principal terms and conditions of such request or third-party takeover proposal and the identity of the person making such request or third-party takeover proposal. The party will keep the other party informed of the status and details (including amendments and proposed amendments) of any such request or third-party takeover proposal. Contemporaneously with any termination of the merger agreement, the terminating party will provide the other party with a written verification that it has complied with its obligations pursuant to this paragraph (other than noncompliance which is immaterial).

Additional information relating to Duke Energy's and Cinergy's covenants not to solicit third-party takeover proposals is located beginning on page 135.

Legal Proceeding Related to the Mergers

As of the date of this joint proxy statement/prospectus, Duke Energy and Cinergy are aware of one purported class action lawsuit that had been filed against Cinergy and each member of Cinergy's board of directors in connection with the mergers. Among other things, the lawsuit seeks injunctive relief that would prevent the consummation of the Cinergy merger in accordance with the terms of the merger agreement. Both Duke Energy and Cinergy believe that the lawsuit is without merit.

Additional information on legal proceedings relating to the mergers is located on page 137.

Accounting Treatment

The Cinergy merger will be accounted for as a purchase by Duke Energy Holding under accounting principles generally accepted in the United States of America. Under the purchase method of accounting, the assets and liabilities of Cinergy will be recorded, as of completion of the Cinergy merger, at their respective fair values and added to those of Duke Energy Holding. The reported financial condition and results of operations of Duke Energy Holding issued after completion of the Cinergy merger will reflect Cinergy's balances and results after completion of the Cinergy merger, but will not be restated retroactively to reflect the historical financial position or results of operations of Cinergy. Following completion of the Cinergy merger, the earnings of the combined company will reflect purchase accounting adjustments, including increased amortization and depreciation expense for acquired assets.

Additional information relating to accounting treatment is located on page 114.

Material U.S. Income Tax Consequences of the Duke Energy Reorganization and the Cinergy Merger

Assuming the Duke Energy reorganization and the Cinergy merger qualify as reorganizations under Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code") for U.S. federal income tax purposes, as Duke Energy and Cinergy anticipate, holders of Duke Energy common stock whose shares of Duke Energy common stock are exchanged in the Duke Energy reorganization for shares of Duke Energy Holding common stock will not recognize gain or loss, except to the extent of cash, if any, received in lieu of a fractional share of Duke Energy Holding common stock, and holders of Cinergy common stock whose shares of Cinergy common stock are exchanged in the Cinergy merger for shares of Duke Energy Holding common stock will not recognize gain or loss, except to the extent of cash, if any, received in lieu of a fractional share of Duke Energy Holding common stock.

It is a condition to the obligation of Duke Energy to effect the Duke Energy reorganization that Duke Energy receive a written opinion from Skadden, Arps, Slate, Meagher & Flom LLP, counsel to Duke Energy, dated as of the closing date, to the effect that both the Duke Energy reorganization and the Cinergy merger will qualify as reorganizations under Section 368(a) of the Code. It is a condition to the obligation of Cinergy to complete the Cinergy merger that Cinergy receive a written opinion from Wachtell, Lipton, Rosen & Katz, counsel to Cinergy, dated as of the closing date, to the effect that the Cinergy merger will qualify as a reorganization under Section 368(a) of the Code. No ruling has been or will be sought from the IRS on the U.S. federal income tax consequences of the Duke Energy reorganization or the Cinergy merger.

The discussion of material U.S. federal income tax consequences of the Duke Energy reorganization and the Cinergy merger contained in this joint proxy statement/prospectus 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 Duke Energy reorganization and the Cinergy 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.

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

Additional information relating to the material U.S. federal income tax consequences of the Duke Energy reorganization and the Cinergy merger is located beginning on page 110.

Regulatory Matters

The approval of, among others, the following Canadian and U.S. federal, state and local regulatory authorities must be obtained before the mergers can be completed:

- the Federal Energy Regulatory Commission, which we refer to as the FERC;
- the Securities and Exchange Commission, which we refer to as the SEC, pursuant to the Public Utility Holding Company Act of 1935, which we refer to as PUHCA;
- the Nuclear Regulatory Commission, which we refer to as the NRC;
- the regulatory agencies in several of the states in which Duke Energy and/or Cinergy operate electric and/or gas utility businesses; and
- the Federal Communications Commission, which we refer to as the FCC.

In addition, prior to completing the mergers, the applicable waiting period under the U.S. federal antitrust law, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, must expire or terminate. In addition, prior to completing the mergers, certain information must be filed with the Canadian Competition Bureau and the applicable waiting period under the Canadian Competition Act must expire or terminate.

As of the date of this joint proxy statement/prospectus, each of Duke Energy, Cinergy and Duke Energy Holding was in the process of making such applications and obtaining such approvals as are required by applicable law or regulations; however, no such approvals have been obtained as of such date.

Additional information relating to regulatory matters is located beginning on page 122.

The Companies

Duke Energy Holding Corp.
526 South Church Street
Charlotte, North Carolina 28202
(704) 594-6200

Duke Energy Holding (formerly named Deer Holding Corp.) is a Delaware corporation formed on May 3, 2005 for the purpose of holding both Duke Energy and Cinergy as wholly-owned subsidiaries following completion of the mergers. Following the mergers, it will own Duke Energy and Cinergy as wholly-owned subsidiaries and will have no significant assets other than the stock or other voting securities of its subsidiaries. Duke Energy Holding will be a registered holding company under PUHCA. As such, Duke Energy Holding and its subsidiaries will generally be subject to the broad regulatory provisions of PUHCA. Upon consummation of the mergers, Duke Energy Holding will change its name to Duke Energy Corporation.

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

Duke Energy Corporation is a diversified energy company with a portfolio of natural gas and electric businesses, both regulated and non-regulated, and an affiliated real estate company. Duke Energy supplies, delivers and processes energy for customers in the United States and selected international markets.

- Duke Power provides safe, reliable and economically-priced electricity to more than 2 million customers in North Carolina and South Carolina.
- Duke Energy Gas Transmission (DEGT) serves its customers by processing, transporting and distributing natural gas from North America's major supply areas to growing markets in the northeastern and southeastern United States and in Canada.
- Duke Energy North America owns and operates merchant power generation facilities and markets electricity, natural gas, energy management and related services to wholesale customers throughout North America.
- Duke Energy International owns and operates power generation facilities and engages in sales and marketing of electric power and natural gas. Its primary focus is on power generation activities in Latin America.
- Duke Energy Field Services gathers, processes, transports, markets and stores natural gas and produces, transports and markets natural gas liquids.
- Crescent Resources manages land holdings and develops high-quality commercial, residential and multi-family real estate projects in nine states.

Duke Energy is headquartered in Charlotte, North Carolina, and, as of May 31, 2005, had approximately 20,500 employees. Duke Energy is not a registered holding company under PUHCA. As such, Duke Energy and its subsidiaries are not currently subject to the broad regulatory provisions of PUHCA.

Cinergy Corp.
139 East Fourth Street
Cincinnati, Ohio 45202
(513) 421-9500

Cinergy Corp. is a Delaware corporation and a registered holding company under PUHCA. Cinergy is the parent company of:

- PSI Energy, Inc., an operating utility that provides electric service to customers in north central, central and southern Indiana;
- The Cincinnati Gas & Electric Company, an operating utility that provides electric and gas service to customers in southwestern Ohio and, through a principal subsidiary, The Union Light, Heat and Power Company, to customers in adjacent areas in Kentucky;
- Cinergy Services, Inc., the subsidiary used to provide a variety of centralized administrative, management and support services to Cinergy's companies; and
- Cinergy Investments, Inc., the subsidiary that holds most of Cinergy's domestic, non-regulated, energy-related businesses and investments, including Cinergy's natural gas marketing and trading operations.

Cinergy has other subsidiaries, formed for a variety of purposes, including holding Cinergy's interests in international businesses, new technology initiatives and investment opportunities in the telecommunications industry and in energy and power generation. Cinergy's regulated public utilities in Ohio, Indiana, and Kentucky serve approximately 1.5 million electric customers and 500,000 gas customers. Cinergy is headquartered in Cincinnati, Ohio and as of May 31, 2005, had approximately 7,400 employees.

Deer Acquisition Corp.
526 South Church Street
Charlotte, North Carolina 28202
(704) 594-6200

Deer Acquisition Corp. is a wholly-owned subsidiary of Duke Energy. Deer Acquisition Corp. was formed on May 5, 2005, solely for the purpose of engaging in the Duke Energy merger and the other transactions contemplated by the merger agreement. Deer Acquisition Corp. has not conducted any business operations other than incidental to its formation and in connection with the transactions contemplated by the merger agreement.

Cougar Acquisition Corp.
526 South Church Street
Charlotte, North Carolina 28202
(704) 594-6200

Cougar Acquisition Corp. is a wholly-owned subsidiary of Duke Energy. Cougar Acquisition Corp. was formed on May 4, 2005, solely for the purpose of engaging in the Cinergy merger and the other transactions contemplated by the merger agreement. Cougar Acquisition Corp. has not conducted any business operations other than incidental to its formation and in connection with the transactions contemplated by the merger agreement.

Comparative Stock Prices and Dividends

Shares of Duke Energy common stock and Cinergy common stock are listed on the New York Stock Exchange. The following table presents the last reported closing sale price per share of Duke Energy common stock and Cinergy common stock, as reported on the New York Stock Exchange Composite Transaction reporting system on May 6, 2005, the last full trading day prior to the public announcement of the mergers, and on June 29, 2005, the last trading day for which this information could be calculated prior to the filing of this joint proxy statement/prospectus.

	Duke Energy Common Stock	Cinergy Common Stock	Cinergy Common Stock Equivalent Per Share(1)
May 6, 2005	$ 29.36	$ 40.38	$ 45.80
June 29, 2005	$ 29.58	$ 44.64	$ 46.14

(1) The equivalent per share data for Cinergy common stock has been determined by multiplying the closing market price of a share of Duke Energy common stock on each of the dates by the exchange ratio of 1.56.

The most recent quarterly dividend declared by Duke Energy was $0.31 per share payable on September 16, 2005. Duke Energy's current dividend is $1.24 per share of common stock on an annual basis. The most recent quarterly dividend declared by Cinergy was $0.48 per share payable on May 15, 2005. Cinergy's current dividend is $1.92 per share of common stock on an annual basis.

Selected Historical Financial Data

Duke Energy and Cinergy are providing the following financial information to aid you in your analysis of the financial aspects of the mergers. This information is only a summary, and you should read it in conjunction with the historical consolidated financial statements of Duke Energy and Cinergy and the related notes contained in the annual reports and other information that each of Duke Energy and Cinergy has previously filed with the Securities and Exchange Commission and which is incorporated herein by reference. See "Where You Can Find More Information" beginning on page 178.

Selected Historical Consolidated Financial Data of Duke Energy

	At or for the three months ended March 31,		At or for the year ended December 31,				
	2005	2004	2004	2003(b)	2002	2001	2000
	(Millions, except per share amounts)						
Operating revenues	5,749	5,636	22,503	22,080	15,860	17,889	15,800
Income before discontinued operations and cumulative effect of changes in accounting principles	867	65	1,232	(1,003)	1,295	1,998	1,800
Discontinued operations, net of tax	1	246	258	(158)	(261)	(4)	(24)
Cumulative effect of changes in accounting principles net of tax	—	—	—	(162)	—	(96)	—
Net income	868	311	1,490	(1,323)	1,034	1,898	1,776
Earnings per common share (EPS) basic(a):							
Income before discontinued operations and cumulative effect of changes in accounting principles	.91	.07	1.31	(1.13)	1.53	2.59	2.42
Discontinued operations, net of tax	—	.27	.28	(.17)	(.31)	(.01)	(.03)
Before cumulative effect of changes in accounting principles, net of tax	.91	.34	1.59	(1.30)	1.22	2.58	2.39
Net income	.91	.34	1.59	(1.48)	1.22	2.45	2.39
EPS—diluted(a):							
Income before discontinued operations and cumulative effect of changes in accounting principles	.88	.07	1.27	(1.13)	1.53	2.57	2.41
Discontinued operations, net of tax	—	.26	.27	(.17)	(.31)	(.01)	(.03)
Before cumulative effect of changes in accounting principles, net of tax	.88	.33	1.54	(1.30)	1.22	2.56	2.38
Net income	.88	.33	1.54	(1.48)	1.22	2.44	2.38
Dividends declared per share of common stock(a)	.275	.275	1.10	1.10	1.10	1.10	1.10
Total assets	55,908	55,351	55,470	57,225	60,122	49,624	59,276
Long-term debt(c)	18,490	21,523	18,764	21,822	21,552	12,595	11,187

(a) Amounts prior to 2001 were restated to reflect the two-for-one common stock split effective January 26, 2001.

(b) As of January 1, 2003, Duke Energy adopted the remaining provisions of Emerging Issues Task Force (EITF) Issue No. 02-03, "Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and for Contracts involved in Energy Trading and Risk Management Activities" and SFAS No. 143, "Accounting for Asset Retirement Obligations." In accordance with the transition guidance for these standards, Duke Energy recorded a net-of-tax and minority interest cumulative effect adjustment for change in accounting principles of $162 million.

(c) Including amounts due within one year.

Selected Historical Consolidated Financial Data of Cinergy

	At or for the three months ended March 31,		At or for the year ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
	(Millions, except per share amounts)						
Operating revenues	$ 1,344	$ 1,289	$ 4,688	$ 4,416	$ 4,059	$ 3,950	$ 3,752
Income before discontinued operations and cumulative effect of changes in accounting principles	$ 117	$ 103	$ 401	$ 435	$ 397	$ 457	$ 400
Discontinued operations, net of tax(1)	—	—	—	$ 9	$ (25)	$ (15)	$ (1)
Cumulative effect of changes in accounting principles, net of tax(2)	—	—	—	$ 26	$ (11)	—	—
Net income	$ 117	$ 103	$ 401	$ 470	$ 361	$ 442	$ 399
Earnings per common share (EPS)—basic:							
Income before discontinued operations and cumulative effect of changes in accounting principles	$ .60	$ .57	$ 2.22	$ 2.46	$ 2.37	$ 2.87	$ 2.52
Discontinued operations, net of tax(1)	—	—	—	$ 0.05	$ (0.15)	$ (0.09)	$ (0.01)
Cumulative effect of changes in accounting principles, net of tax(2)	—	—	—	$ 0.15	$ (0.06)	—	—
Net income	$ .60	$ .57	$ 2.22	$ 2.66	$ 2.16	$ 2.78	$ 2.51
EPS—diluted:							
Income before discontinued operations and cumulative effect of changes in accounting principles	$ .60	$ .57	$ 2.18	$ 2.43	$ 2.34	$ 2.84	$ 2.51
Discontinued operations, net of tax(1)	—	—	—	$ 0.05	$ (0.15)	$ (0.09)	$ (0.01)
Cumulative effect of changes in accounting principles, net of tax(2)	—	—	—	$ 0.15	$ (0.06)	—	—
Net income	$ .60	$ .57	$ 2.18	$ 2.63	$ 2.13	$ 2.75	$ 2.50
Dividends declared per share of common stock	$ .48	$ .47	$ 1.88	$ 1.84	$ 1.80	$ 1.80	$ 1.80
Total assets from continuing operations	$15,031	$14,185	$14,982	$14,119	$13,832	$12,792	$12,801
Long-term debt(3)	$ 4,463	$ 4,863	$ 4,448	$ 4,971	$ 4,188	$ 3,656	$ 2,868

(1) See Note 14 of the "Notes to Financial Statements" in "Item 8. Financial Statements and Supplementary Data" of Cinergy's Form 10-K for the fiscal year ended December 31, 2004, filed with the SEC on February 25, 2005 for further explanation.

(2) In 2003, Cinergy recognized a gain/(loss) on cumulative effect of changes in accounting principles of $39 million (net of tax) and $(13) million (net of tax) as a result of the reversal of accrued cost of removal for non-regulated generating assets and the change in accounting for certain energy related contracts from fair value to accrual. In 2002, Cinergy recognized a cumulative effect of a change in accounting principle of $(11) million (net of tax) as a result of an impairment charge for goodwill related to certain of its international assets.

(3) Including amounts due within one year.

Selected Unaudited Pro Forma Condensed Combined Financial Data

The following selected unaudited pro forma condensed combined financial data give effect to the mergers. The information presented below is based on the assumption that the mergers occurred at the beginning of each of the periods presented and reflect only adjustments directly related to the mergers. The pro forma adjustments are based upon available information and assumptions that each company's management believes are reasonable and in accordance with SEC requirements. The selected unaudited pro forma condensed combined financial data are presented for illustrative purposes only and should not be read for any other purpose. The companies may have performed differently had they always been combined. You should not rely on this information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience after the mergers. The selected unaudited pro forma condensed combined financial data (i) have been derived from and should be read in conjunction with the "Unaudited Pro Forma Condensed Combined Financial Information" and the related notes beginning on page 146 in this joint proxy statement/prospectus and (ii) should be read in conjunction with the historical consolidated financial statements of Duke Energy and Cinergy incorporated by reference in this joint proxy statement/prospectus.

	At or for the three months ended March 31, 2005	At or for the year ended December 31, 2004
	(Millions, except per share amounts)	
Pro Forma Income Statement Data		
Operating revenues	7,113	27,306
Income from continuing operations	985	1,601
Earnings per share from continuing operations:		
Basic	.78	1.32
Diluted	.76	1.28
Pro Forma Balance Sheet Data		
Total assets	76,506	—
Long-term debt (includes current maturities of $1,795)	23,064	—

Unaudited Comparative Per Share Data

The December 31, 2004 selected comparative per share information of Duke Energy and Cinergy, set forth below, was derived from audited financial statements. The March 31, 2005 selected comparative per share information of Duke Energy and Cinergy set forth below was derived from unaudited financial statements and, in the opinion of the management of Duke Energy and Cinergy, includes all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation for such periods. Due to the effect of seasonal fluctuations and other factors on the operations of Duke Energy and Cinergy, financial results for the three-month period ended March 31, 2005, are not necessarily indicative of results for the year ending December 31, 2005.

You should read the information in this section along with Duke Energy's and Cinergy's historical consolidated financial statements and accompanying notes for the periods referred to above included in the documents described under "Where You Can Find More Information" beginning on page 178. You should also read the unaudited pro forma condensed combined financial information and accompanying discussion and notes included in this joint proxy statement/prospectus beginning on page 146.

	At or for the three months ended March 31, 2005	At or for the year ended December 31, 2004
	(Millions, except per share amounts)	
Duke Energy—Historical		
Earnings per share (from continuing operations):		
Basic	.91	1.31
Diluted	.88	1.27
Dividends declared per share of common stock	.275	1.10
Book value per share of common stock	17.76	17.18
Cinergy—Historical		
Earnings per share (from continuing operations):		
Basic	.60	2.22
Diluted	.60	2.18
Dividends declared per share of common stock	.48	1.88
Book value per share of common stock	22.71	21.89

	At or for the three months ended March 31, 2005	At or for the year ended December 31, 2004
	(Millions, except per share amounts)	
Duke Energy Holding unaudited pro forma combined amounts:		
Earnings per share (from continuing operations):		
Basic	.78	1.32
Diluted	.76	1.28
Dividends declared per share of common stock[1]	.275	1.10
Book value per share of common stock	20.62	—
Cinergy per share equivalent based on combination of Duke Energy and Cinergy:		
Earnings per share (from continuing operations):		
Basic	1.22	2.06
Diluted	1.19	2.00
Dividends declared per share of common stock	.429	1.716
Book value per share of common stock	32.17	—

1 We expect Duke Energy Holding will continue the dividend policy of Duke Energy in effect at the time of the mergers. On June 29, 2005, the Duke Energy board of directors increased Duke Energy's quarterly dividend to $0.31 per share of common stock, beginning with the quarterly dividend payable September 16, 2005, and accordingly its annual dividend was increased to $1.24 per share of common stock.

RISKS RELATING TO THE MERGERS

In addition to the other information included and incorporated by reference in this joint proxy statement/prospectus, Duke Energy and Cinergy shareholders should carefully consider the matters described below to determine whether to approve or adopt the merger agreement and thereby approve the mergers.

The value of the shares of Duke Energy Holding common stock that you receive upon the consummation of the mergers may be less than the value of your shares of Duke Energy common stock or Cinergy common stock as of the date of the merger agreement or on the dates of the special meetings.

The exchange ratios in the Duke Energy merger and the Cinergy merger, respectively, are fixed and will not be adjusted in the event of any change in the stock prices of Duke Energy or Cinergy prior to the mergers. There may be a significant amount of time between the dates when the shareholders of each of Duke Energy and Cinergy vote on the merger agreement at the special meeting of each company and the date when the mergers are completed. The relative prices of shares of Duke Energy common stock and Cinergy common stock may vary significantly between the date of this joint proxy statement/prospectus, the dates of the special meetings and the date of the completion of the mergers. These variations may be caused by, among other things, changes in the businesses, operations, results and prospects of our companies, market expectations of the likelihood that the mergers will be completed and the timing of completion, the prospects of post-merger operations, the effect of any conditions or restrictions imposed on or proposed with respect to the combined company by regulatory agencies and authorities, general market and economic conditions and other factors. In addition, it is impossible to predict accurately the market price of the Duke Energy Holding common stock to be received by Duke Energy and Cinergy shareholders after the completion of the mergers. Accordingly, the prices of Duke Energy common stock and Cinergy common stock on the dates of the special meetings may not be indicative of their prices immediately prior to completion of the mergers and the price of Duke Energy Holding common stock after the mergers are completed.

The integration of Duke Energy and Cinergy following the mergers will present significant challenges that may result in a decline in the anticipated potential benefits of the mergers.

Duke Energy and Cinergy will face significant challenges in consolidating functions, integrating their organizations, procedures and operations in a timely and efficient manner, as well as retaining key Duke Energy and Cinergy personnel. The integration of Duke Energy and Cinergy will be complex and time-consuming, due to the size and complexity of each organization and their many business units. The respective managements of Duke Energy and Cinergy will have to dedicate substantial effort to integrating the businesses. The principal challenges will be integrating the combined regulated electric utility operations, combining each of the unregulated wholesale power generation businesses and combining the energy marketing and trading businesses. All of these businesses are complex, and some of the business units are dispersed. Such efforts could also divert management's focus and resources from other strategic opportunities during the integration process. There can be no assurance that the integration will be completed in a timely manner.

The anticipated benefits of combining the companies may not be realized.

Duke Energy and Cinergy entered into the merger agreement with the expectation that the mergers would result in various benefits, including, among other things, synergies, cost savings and operating efficiencies. Although we expect to achieve the anticipated benefits of the mergers, achieving them, including the synergies, cannot be assured. Moreover, there can be no assurance that the regulatory agencies, which have jurisdiction over certain of our businesses and operations, will not require us to pass some or all of any of the achieved cost savings to ratepayers.

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

Completion of the mergers is conditioned upon the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and the receipt of consents, orders, approvals or clearances, as required, from the SEC, the FERC, the NRC, the FCC, and the public utility commissions or similar entities with jurisdiction in North Carolina, South Carolina, Ohio, Kentucky and Indiana. Although the parties expect to receive such consents, orders, approvals, and clearances in a timely and acceptable manner, a substantial delay in obtaining satisfactory approvals or the imposition of unfavorable terms or conditions in connection with such approvals could have a material adverse effect on the business, financial condition or results of operations of Duke Energy or Cinergy and/or may cause the abandonment of the mergers by Duke Energy or Cinergy.

The merger agreement provides that Duke Energy and Cinergy will use their reasonable best efforts to transfer five generating stations located in the midwest from Duke Energy North America to The Cincinnati Gas & Electric Company. This transfer will require regulatory approval by the FERC and the SEC under PUHCA, and there can be no guarantee that such approvals will be obtained or will be obtained on terms or with conditions acceptable to Duke Energy, Cinergy and Duke Energy Holding.

The mergers are subject to approval by the SEC under the Public Utility Holding Company Act of 1935. Upon completion of the mergers, Duke Energy Holding will be required to register under PUHCA and will be subject to PUHCA's limitations on permissible activities, which may require divestiture of certain assets and otherwise affect the conduct of Duke Energy Holding's businesses.

The SEC has authority to approve the mergers under PUHCA. Upon completion of the mergers, Duke Energy Holding will be required to register as a holding company with the SEC under PUHCA. There can be no assurance that the SEC will approve the mergers or that such approval may be obtained on terms or with conditions acceptable to Duke Energy, Cinergy and Duke Energy Holding.

In order to approve the mergers, the SEC must conclude, among other things, that the electric utility assets of the combined company constitute "an integrated public utility system" as defined in PUHCA. This standard in turn requires, among other things, that the electric utility assets of the combined company be located in "a single area or region." In this regard, a recent initial decision by an SEC administrative law judge found that the holding company system resulting from the merger of American Electric Power Company, Inc. and Central and South West Corporation did not satisfy the integration requirements of PUHCA because the electric utility assets of the combined company were not located in "a single area or region." Although we believe that the mergers can be distinguished from this decision, Duke Energy's and Cinergy's electric utility assets are not geographically coextensive, and thus the ruling, if upheld on appeal, could have negative implications for the mergers.

Moreover, a substantial delay in obtaining SEC approval or the imposition of unfavorable terms or conditions in connection with such approval could independently have a material adverse effect on the business, financial condition or results of operations of Duke Energy or Cinergy or may cause the abandonment of the mergers. For example, Duke Energy currently holds interests in various non-utility businesses, including Crescent Resources LLC and Duke Energy's gas transmission and field services business, certain of which it may be required to divest in order to comply with PUHCA's limitation on non-utility investments. There can be no assurance that the SEC will not require divestiture of various non-utility businesses, or that if divestitures are ordered, the SEC will so order in a manner and over a period of time sufficient to permit orderly divestitures at fair market values.

Although Cinergy is currently a registered holding company under PUHCA, Duke Energy is not. Accordingly, Duke Energy has not previously been subject to the restrictions that PUHCA imposes on registered holding company systems, such as SEC pre-approval of securities issuances and sales and acquisitions of utility assets, and restrictions on non-utility investments. Following completion of the mergers, Duke Energy Holding may be unable, within the confines of PUHCA's restrictions, to continue to operate and manage certain of its businesses in the same manner Duke Energy historically has operated its businesses.

Congress is currently considering legislation providing for the repeal of PUHCA and varying levels of increased merger review authority by the FERC. Such legislation is similar to legislation that has been considered but ultimately not passed in recent sessions of Congress. We cannot predict whether such legislation will be passed, the extent to which it will repeal PUHCA or whether it will be made effective within the time frame to affect the mergers.

The mergers will combine two companies that are currently affected by developments in the electric and gas utility industries, including changes in regulation and increased competition. A failure to adapt to the changing regulatory environment and increased competition after the mergers could adversely affect the stability of our earnings and could result in the erosion of the combined company's market positions, revenues and profits.

Because Duke Energy and Cinergy and their subsidiaries are regulated in the United States and Canada at the federal level and in a number of provinces, states and municipalities, the two companies, as well as Duke Energy Holding after the mergers, have been and will continue to be impacted by legislative and regulatory developments. After the mergers, we and/or our subsidiaries including Duke Energy and Cinergy will be subject in the United States to extensive federal regulation as well as to state and local regulation in each of the following jurisdictions: North Carolina, South Carolina, Ohio, Kentucky and Indiana. We will also be subject in Canada to extensive federal regulation as well as to provincial and local regulation, most significantly in Ontario. Each of these jurisdictions has implemented, is in the process of implementing or possibly will implement changes to the regulatory and legislative framework applicable to the electric and gas utilities industry. The continuing effects of recent developments such as the end of the market development period in Ohio under its retail electric competition law, the continuing failure of the Department of Energy to take possession of spent nuclear fuel from commercial nuclear reactors, and the implementation of MISO's energy markets tariff, along with the possible effects of changes under consideration and the possible effects of changes that may occur in the future, could have a material adverse effect on Duke Energy, Cinergy and/or Duke Energy Holding.

The costs and burdens associated with complying with the increased number of regulatory jurisdictions may have a material adverse effect on Duke Energy Holding. Moreover, increased competition resulting from potential legislative changes, regulatory changes or otherwise may create greater risks to the stability of utility earnings generally. If Duke Energy Holding is not responsive to the competitive energy marketplace, it could suffer erosion in market position, revenues and profits as competitors gain access to the service territories of its utility subsidiaries.

We must meet credit quality standards. If we or our rated subsidiaries are unable to maintain an investment grade credit rating, we would be required under trading agreements to provide collateral in the form of letters of credit or cash, which may materially adversely affect our liquidity. We cannot be sure that Duke Energy Holding and its rated subsidiaries will maintain investment grade credit ratings following the mergers and the other contemplated transactions.

Each of Duke Energy's, Duke Capital's and Cinergy's senior unsecured long-term debt is rated investment grade by various rating agencies. We cannot be sure that following the mergers and the other transactions contemplated by the merger agreement the senior unsecured long-term debt of Duke Energy Holding or its rated subsidiaries will be rated investment grade.

If the rating agencies were to rate Duke Energy Holding or its rated subsidiaries below investment grade, the entity's borrowing costs would increase, perhaps significantly. In addition, the entity would likely be required to pay a higher interest rate in future financings, and its potential pool of investors and funding sources would likely decrease. Further, if its short-term debt rating were to fall, the entity's access to the commercial paper market could be significantly limited. Any downgrade or other event negatively affecting the credit ratings of our subsidiaries could make their costs of borrowing higher or access to funding sources more limited, which in turn could increase our need to provide liquidity in the form of capital contributions or loans to such subsidiaries, thus reducing the liquidity and borrowing availability of the consolidated group.

Our power and gas trading businesses rely on our investment grade ratings. Most of our counterparties require the creditworthiness of an investment grade entity to stand behind transactions. If our ratings were to decline below investment grade, we would likely have to deposit additional collateral of cash, letters of credit or cash related instruments and segregate cash that we were holding as collateral. Failure to deposit collateral may result in a default under the applicable trading agreement, which could lead to termination of that agreement and require us to pay its termination value. A downgrade below investment grade could also trigger termination clauses in some interest rate and foreign exchange derivative agreements, which would require cash payments. All of these events would likely reduce our liquidity and profitability and could have a material adverse effect on our financial position and results of operations.

Our ratings are dependent on, among other things, our earnings outlook for future periods and the success of our business plan. If, as a result of market conditions or other factors affecting our business, we are unable to achieve our earnings outlook or we lower our earnings outlook, our ratings could be adversely affected. The failure to meet the goals set forth in our business plan from time to time could cause our ratings to be lowered.

Duke Energy and Cinergy will incur significant transaction and merger-related integration costs in connection with the mergers.

Duke Energy and Cinergy expect to incur costs associated with consummating the mergers and integrating the operations of the two companies, as well as approximately $32 million in transaction fees in the case of Duke Energy and $35 million in the case of Cinergy. The estimated $32 million of transaction costs incurred by Duke Energy will be included as a component of the purchase price for purposes of purchase accounting. The amount of transaction fees expected to be incurred by each of Duke Energy and Cinergy are preliminary estimates and are subject to change. Duke Energy currently estimates integration costs associated with the mergers to be approximately $718 million over a period of five years, with approximately $422 million being incurred in the first year after completion of the mergers and approximately $173 million being incurred in the second year after completion of the mergers. Duke Energy is in the early stages of assessing the magnitude of these costs, and, therefore, these estimates may change substantially, and additional unanticipated costs may be incurred in the integration of the businesses of Duke Energy and Cinergy. Although Duke Energy and Cinergy believe that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, will offset incremental transaction and merger-related costs over time, we cannot assure you that this net benefit will be achieved in the near term, or at all.

Duke Energy and Cinergy will be subject to business uncertainties and contractual restrictions while the mergers are pending which could adversely affect their businesses.

Uncertainty about the effect of the mergers on employees and customers may have an adverse effect on Duke Energy and Cinergy and, consequently, on the combined company. Although Duke Energy and Cinergy intend to take steps to reduce any adverse effects, these uncertainties may impair Duke Energy's and Cinergy's ability to attract, retain and motivate key personnel until the mergers are consummated and for a period of time thereafter, and could cause customers, suppliers and others that

deal with Duke Energy and Cinergy to seek to change existing business relationships with Duke Energy and Cinergy. Employee retention may be particularly challenging during the pendency of the mergers, as employees may experience uncertainty about their future roles with the combined company. If, despite Duke Energy's and Cinergy's retention efforts, key employees depart because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the combined company, the combined company's business could be seriously harmed. In addition, the merger agreement restricts Duke Energy and Cinergy, without the other party's consent, from making certain acquisitions and taking other specified actions until the mergers occur or the merger agreement terminates. These restrictions may prevent Duke Energy and Cinergy from pursuing otherwise attractive business opportunities and making other changes to their businesses that may arise prior to completion of the mergers or termination of the merger agreement.

RISKS RELATING TO THE BUSINESSES OF THE COMBINED COMPANY

After consummation of the mergers, the combined business of Duke Energy Holding will be subject to many risks and uncertainties.

Gas transmission, distribution, gathering, and processing activities involve numerous risks that may result in accidents and other operating risks and costs.

There are inherent in our gas transmission, distribution, gathering, and processing properties a variety of hazards and operating risks, such as leaks, explosions and mechanical problems, that could cause substantial financial losses. In addition, these risks could result in loss of human life, significant damage to property, environmental pollution, impairment of our operations and substantial losses to us. For our pipelines located near populated areas, including residential areas, commercial business centers, industrial sites and other public gathering areas, the level of damages resulting from these risks is greater. We do not maintain insurance coverage against all of these risks and losses, and the insurance coverage we maintain may not fully cover the damages caused by those risks and losses for which we do maintain insurance and therefore could have a material adverse effect on our financial position and results of operations.

Our franchised electric revenues, earnings and results are dependent on state legislation and regulation that affect electric generation, distribution and related activities, which may limit our ability to recover costs.

Our franchised electric businesses are regulated on a cost-of-service/rate-of-return basis subject to the statutes and regulatory commission rules and procedures of North Carolina, South Carolina, Kentucky, Indiana and Ohio. If our franchised electric earnings exceed the returns established by our state regulatory commissions, our retail electric rates may be subject to review by the commissions and possible reduction, which may decrease our future earnings.

We may incur substantial costs and liabilities due to our ownership and operation of nuclear generating facilities.

Our ownership interest in and operation of three nuclear stations, Oconee, Catawba and McGuire, subject us to the risks of nuclear generation, which include, among other risks associated with owning and operting nuclear power plants: the potential harmful effects on the environment and human health resulting from the operation of nuclear facilities and the storage, handling and disposal of radioactive materials; limitations on the amounts and types of insurance commercially available to cover losses that might arise in connection with nuclear operations; and uncertainties with respect to the technological and financial aspects of decommissioning nuclear plants at the end of their licensed lives.

The NRC has broad authority under federal law to impose licensing and safety-related requirements for the ownership and operation of nuclear generation facilities. In the event of non-compliance, the NRC has the authority to increase regulatory oversight, impose fines, shut down a unit, or both, depending upon its assessment of the severity of the situation, until compliance is

achieved. Revised security and safety requirements promulgated by the NRC could necessitate substantial capital and other expenditures at our nuclear plants. In addition, if a serious nuclear incident were to occur, it could have a material adverse effect on our results of operations and financial condition. Furthermore, the non-compliance of other nuclear facilities operators with applicable regulations or the occurrence of a serious nuclear incident at other facilities could result in the imposition of additional requirements on the industry as a whole, which could then increase our compliance costs, adversely impact the results of operations of our facilities, or result in a decision to shut down one or more units.

In addition, we are required to maintain funded trusts that are intended to pay for the decommissioning costs of our nuclear power plants. Poor investment performance of these decommissioning trusts' holdings and other factors impacting decommissioning costs could unfavorably impact our liquidity and results of operations as we could be required to significantly increase our cash contributions to the decommissioning trusts.

Our sales may decrease if we are unable to gain adequate, reliable and affordable access to transmission and distribution assets.

We depend on transmission and distribution facilities owned and operated by utilities and other energy companies to deliver the electricity and natural gas we sell to the wholesale market, as well as the natural gas we purchase to supply some of our electric generation facilities. If transmission is disrupted, or if capacity is inadequate, our ability to sell and deliver products may be hindered. Such disruptions could also hinder our providing electricity or natural gas to our retail electric and gas customers.

FERC's power transmission regulations require wholesale electric transmission services to be offered on an open-access, non-discriminatory basis. Although these regulations are designed to encourage competition in wholesale market transactions for electricity, not all markets are as open and accessible as needed. We cannot predict whether and to what extent the industry will be required to comply with these initiatives, or whether the regulations will fully accomplish their objectives.

The different regional power markets in which we compete or will compete in the future have changing regulatory structures, which could affect our growth and performance in these regions. In addition, the independent system operators who oversee the transmission systems in regional power markets, such as California, have in the past been authorized to impose, and may continue to impose, price limitations and other mechanisms to address volatility in the power markets. These types of price limitations and other mechanisms may adversely impact the profitability of our wholesale power marketing and trading business.

In the future, we may not be able to secure long-term power purchase agreements for our power generation facilities, which would subject our sales to increased volatility. Without the benefit of long-term power purchase agreements, we cannot assure you that we will be able to sell the power generated by our facilities or that our facilities will be able to operate profitably.

The long-term financial condition of our U.S. and Canadian natural gas transmission, distribution, gathering and processing businesses are dependent on the continued availability of natural gas reserves.

The development of additional natural gas reserves requires significant capital expenditures by others for exploration and development drilling and the installation of production, gathering, storage, transportation, distribution and other facilities that permit natural gas to be produced and delivered to our pipeline systems. Low prices for natural gas, regulatory limitations, or the lack of available capital for these projects could adversely affect the development of additional reserves and production, gathering, storage and pipeline transmission and import and export of natural gas supplies. Additional natural gas reserves may not be developed in commercial quantities and in sufficient amounts to fill the capacities of our pipeline systems and the capacities of our gathering systems and plants.

Competition in the unregulated markets in which we operate may adversely affect the growth and profitability of our business.

We may not be able to respond in a timely or effective manner to the many changes designed to increase competition in the electricity industry. To the extent competitive pressures increase, the economics of our business may come under long-term pressure.

In addition, regulatory changes have been proposed to increase access to electricity transmission grids by utility and non-utility purchasers and sellers of electricity. These changes could continue the disaggregation of many vertically-integrated utilities into separate generation, transmission, distribution and retail businesses. As a result, a significant number of additional competitors could become active in the wholesale power generation segment of our industry.

We may also face competition from new competitors that have greater financial resources than we do, seeking attractive opportunities to acquire or develop energy assets or energy trading operations both in the United States and abroad. These new competitors may include sophisticated financial institutions, some of which are already entering the energy trading and marketing sector, and international energy players, which may enter regulated or unregulated energy businesses. This competition may adversely affect our ability to make investments or acquisitions.

We rely on access to short-term money markets and longer-term capital markets to finance our capital requirements and support our liquidity needs, and our access to those markets can be adversely affected by a number of conditions, many of which are beyond our control.

We rely on access to both short-term money markets and longer-term capital markets as a source of liquidity for capital requirements not satisfied by the cash flow from our operations. If we are not able to access capital at competitive rates, our ability to implement our strategy will be adversely affected.

Market disruptions may increase our cost of borrowing or adversely affect our ability to access one or more financial markets. Such disruptions could include: further economic downturns; the bankruptcy of an unrelated energy company; capital market conditions generally; market prices for electricity, gas and natural gas liquids; terrorist attacks or threatened attacks on our facilities or unrelated energy companies; or the overall health of the energy industry. Restrictions on our ability to access financial markets may also affect our ability to execute our business plan as scheduled. An inability to access capital may limit our ability to pursue improvements or acquisitions that we may otherwise rely on for future growth.

We maintain revolving credit facilities to provide back-up for commercial paper programs and/or letters of credit at various entities. These facilities typically include financial covenants which limit the amount of debt that can be outstanding as a percentage of the total capital for the specific entity. Some facilities also include targeted EBITDA interest coverage ratios. Failure to maintain these covenants at a particular entity could preclude that entity from issuing commercial paper or letters of credit or borrowing under the revolving credit facility and could require other of our affiliates to immediately pay down any outstanding drawn amounts under other revolving credit agreements.

Our investments and projects located outside of the United States expose us to risks related to laws of other countries, taxes, economic conditions, fluctuations in currency rates, political conditions and policies of foreign governments. These risks may delay or reduce our realization of value from our international projects.

We currently own and may acquire and/or dispose of material energy-related investments and projects outside the United States. The economic, regulatory, market and political conditions in some of the countries where we have interests or in which we may explore development, acquisition or investment opportunities present risks of delays in construction and interruption of business, as well as risks of war, expropriation, nationalization, renegotiation, trade sanctions or nullification of existing contracts and changes in law, regulations, market rules or tax policy, that are in many instances greater than in the United States. In particular, certain countries in Latin America are implementing changes in their market rules and regulations which could materially and adversely impact our ability to recognize anticipated value from our investments in that region.

The uncertainty of the legal environment in some foreign countries in which we operate could make it more difficult to obtain non-recourse project or other financing on suitable terms, could adversely affect the ability of our customers to honor their obligations with respect to such projects or investments and could impair our ability to enforce our rights under agreements relating to such projects or investments.

To mitigate risks associated with foreign currency fluctuations, contracts may be denominated in or indexed to the U.S. Dollar and/or local inflation rates, or investments may be hedged through debt denominated or issued in the foreign currency. We may also use foreign currency derivatives, where possible, to manage our risk related to foreign currency fluctuations. To monitor our currency exchange rate risks, we use sensitivity analysis, which measures the impact of devaluation of the foreign currencies to which it has exposure.

Our primary foreign currency rate exposures are expected to be the Canadian Dollar and the Brazilian Real. A 10% devaluation in the currency exchange rate in all of our exposure currencies would result in an estimated net loss on the translation of local currency earnings of approximately $25 million. The consolidated balance sheets would be negatively impacted by such a devaluation by approximately $500 million through cumulative currency translation adjustments.

We may be required to record impairments in the recorded value of our assets as a result of our ongoing testing and evaluation of asset values.

In connection with the provisions of SFAS No. 142, "Goodwill and Other Intangible Assets," we perform a goodwill impairment test annually or more frequently to the extent events or circumstances indicate that the goodwill may not be recoverable. Additionally, we evaluate the carrying value of long-lived assets, excluding goodwill, when circumstances indicate the carrying value of those assets may not be recoverable under the provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

If market conditions deteriorate or our market outlook changes, we could have impairments of goodwill and/or long-lived assets, which could have a material adverse effect on our consolidated financial position and/or results of operations. Charges to goodwill or reductions in the carrying value of long-lived assets are non-cash charges that negatively affect the carrying value of assets on our balance sheet, and therefore reduce our shareholder equity.

We will be exposed to market risk and may incur losses from the trading operations and/or activities we take to mitigate our commodity exposure.

We have trading operations which primarily target the United States and Canada, and we incur trading risks exposures in these markets. Our trading portfolios consist of contracts to buy and sell commodities, including contracts for electricity, natural gas, natural gas liquids and other commodities that are settled by the delivery of the commodity or cash. Our trading portfolios also include financial derivatives, including swaps, futures and options. If the values of these contracts or derivatives change in a direction or manner that we do not anticipate, we could realize material losses from our trading activities. For instance, at March 31, 2005, the unrealized loss associated with Duke Energy North America, LLC (DENA) power forward sales contracts designated under the normal purchases and normal sales exemption was approximately $1,370 million, which amount is partially offset by unrealized net gains on natural gas and power cash flow hedge positions of approximately $1,080 million as of March 31, 2005.

Our risk management systems may not always be implemented properly or may not always work as planned. In particular, risk in our energy trading is measured and monitored utilizing value-at-risk models to determine the potential magnitude of the change in value over a one-day period caused by certain favorable or unfavorable risks. These estimates are based on historical price volatility and assume a normal distribution of price changes. Thus, if prices significantly deviate from historical prices or the actual distribution is not normal, our risk management systems, including assumptions supporting the risk limits, may not protect us from significant losses. In addition, adverse changes in energy prices may result in economic losses in our earnings and cash flows and our balance sheet.

In order to manage our financial exposure related to commodity price fluctuations, primarily with respect to power, natural gas and natural gas liquids, our marketing, trading and risk management operations routinely enter into contracts to hedge the value of our assets and operations. As part of this strategy, certain business units, in particular Duke Energy Field Services, DENA, and Cinergy's Commercial Business Unit (Cinergy Commercial) routinely utilize fixed-price, forward, physical purchase and sales contracts, futures, financial swaps and option contracts traded in over-the-counter markets or on exchanges. DENA hedges a substantial portion of its expected power output and its natural gas fuel requirements. Duke Energy and Cinergy Commercial both hedge a portion of their expected commodities exposure. We do not, however, cover the entire exposure of our assets or our positions to market price volatility, and our coverage varies over time.

To the extent we have unhedged positions or our hedging strategies do not work as planned, fluctuating commodity prices could cause our sales, purchases, and net income to be volatile. In addition, certain types of economic hedging activity may not qualify for hedge accounting under generally accepted accounting principles, resulting in increased volatility in net income.

Poor investment performance of pension plan holdings and other factors impacting pension plan costs could unfavorably impact our liquidity and results of operations.

Our costs of providing non-contributory defined benefit pension plans are dependent upon a number of factors, such as the rates of return on plan assets, discount rates, the level of interest rates used to measure the required minimum funding levels of the plans, future government regulation and our required or voluntary contributions made to the plans. While both Duke Energy and Cinergy comply with the minimum funding requirements under the Employee Retirement Income Security Act of 1974, as of September 30, 2004, our combined pro forma pension plan obligations exceeded the value of plan assets by approximately $900 million. Without sustained growth in the pension investments over time to increase the value of our plan assets and depending upon the other factors impacting our costs as listed above, we could be required to fund our plans with significant amounts of cash. Such cash funding obligations could have a material impact on our liquidity by reducing our cash flows and could negatively affect our results of operations.

Possible changes and developments in the Canadian regulatory environment may have a negative impact on our business and operations.

The majority of our Canadian natural gas assets are subject to various degrees of federal and provincial regulation. Changes in such regulation may impact our capacity to conduct this business effectively and sustain or increase profitability. Furthermore, as the regulatory environment within which we conduct our business and operate our facilities continues to evolve from a traditional cost recovery model to a more competitive, market-based approach, there is increasing competition among pipeline companies. We cannot predict the timing or scope of these changes and developments in the regulatory environment or the impact they may ultimately have on our business and operations.

In anticipation of the Kyoto Protocol, which became effective February 16, 2005, the Canadian government has been developing an implementation plan that includes, among other things, an emissions intensity-based greenhouse gas cap-and-trade program for large final emitters, or LFE. If an LFE program is ultimately enacted, then all of our Canadian operations would likely be subject to the program beginning in 2008, with compliance options ranging from the purchase of carbon dioxide emission credits to actual emission reductions at the source, or a combination of strategies. Due to the uncertain content and status of such policies, however, we cannot estimate the potential effect of such greenhouse gas reduction policies, or the potential effect of greenhouse gas policy on future consolidated results of operations, cash flows or financial position.

Aboriginal groups have claimed aboriginal and treaty rights over a substantial portion of the lands on which our facilities in British Columbia and Alberta and the gas supply areas served by those facilities are located. The existence of these claims, which range from the assertion of rights of limited use up to aboriginal title, has given rise to some uncertainty regarding access to public lands for future development purposes. We cannot predict the outcome of these claims or the impact they may ultimately have on our businesses and operations.

We may make investments that do not achieve the intended financial results.

We routinely evaluate investment opportunities that may involve significant capital expenditures. Our future financial performance will depend in part upon a variety of factors related to these investments, including our ability to integrate them successfully into existing operations. These new investments, as well as our existing investments, may not achieve the financial performance that we expect.

Under our holding company structure, the payment of dividends to shareholders will be subject to the ability of our subsidiaries to pay dividends to us.

We will be a holding company with no material assets other than the stock of our subsidiaries. Accordingly, all of our operations will be conducted by our subsidiaries. Our ability to pay dividends on our common stock will depend on the payment to us of dividends by our operating subsidiaries. These subsidiaries' payments of dividends to us in turn depend on their results of operations, cash flows and federal and state regulatory constraints.

We may become subject to more market risks and experience more fluctuations in operating results as a result of the mergers, which may have an adverse effect on our operating results, financial performance and/or share price.

Our unregulated businesses include domestic and international gas and power development, operation and ownership, domestic and Canadian gas and power marketing and trading, real estate, telecommunications and midstream gas gathering and processing assets. Our unregulated businesses are more subject to competitive market risks, such as consumer-demand changes, commodity price changes, or market share erosion, than are our traditional utility businesses, which are subject to a regulatory structure that allows an approved rate of return and an exclusive retail franchise service territory. This

greater exposure to market risks may lead to more volatile operating performance and results of operations. For the fiscal year ended December 31, 2004, unregulated businesses would have contributed approximately 59% of operating revenues of the combined company on a pro forma basis.

We could incur a significant tax liability and our results of operations and cash flows may be negatively affected if the Internal Revenue Service denies or otherwise makes unusable certain tax credits related to our coal and synthetic fuel business or if such credits are phased out based on crude oil prices.

Cinergy produces from two facilities synthetic fuel that qualifies for tax credits (through 2007) in accordance with Section 29 of the Code if certain requirements are satisfied.

Cinergy's sale of synthetic fuel has generated $244 million in tax credits through March 31, 2005. The IRS is currently auditing Cinergy for the 2002 and 2003 tax years. The IRS has recently challenged certain other taxpayers' Section 29 tax credits. While we cannot predict whether the IRS will challenge our Section 29 tax credits, we expect the IRS will evaluate the various key requirements for claiming our Section 29 tax credits related to synthetic fuel. If the IRS challenges our Section 29 tax credits related to synthetic fuel, and such challenge were successful, this could result in the disallowance of up to all $244 million in previously claimed Section 29 tax credits for synthetic fuel produced by the applicable Cinergy facilities and a loss of our ability to claim future Section 29 tax credits for synthetic fuel produced by such facilities. We believe that we operate in conformity with all the necessary requirements to be allowed such tax credits under Section 29. Our synthetic fuel production levels and the amount of tax credits we can claim each year are a function of our projected consolidated regular federal income tax liability. Any conditions that reduce our taxable income in a particular year, thus reducing our regular tax liability in such year, could also diminish our ability to utilize Section 29 credits, including those previously generated in such year. In addition, the proposed merger may require the partial disposition by Cinergy of its ownership interest in one of its synthetic fuel facilities in order for the fuel produced to continue to qualify for the credit.

Section 29 also provides for a phase-out of the credit based on the average price of crude oil during a calendar year. The phase-out is based on a prescribed calculation and definition of crude oil prices. We believe that crude oil prices would need to average above $63 per barrel through the remainder of 2005 for any credits to be phased out for 2005. We believe the credits would be entirely phased out if crude oil prices were to average above $89 per barrel during that same time period.

We are currently involved in litigation with the United States and several states and environmental groups regarding certain environmental matters.

Cinergy is currently involved in litigation in which the EPA is alleging various violations of the Clean Air Act (CAA). Specifically, the lawsuit against Cinergy alleges that Cinergy violated the CAA by not obtaining permits for various projects at its owned and co-owned generating stations. Additionally, the Cinergy suit claims that Cinergy violated an Administrative Consent Order entered into in 1998 between the EPA and Cinergy relating to alleged violations of Ohio's state implementation plan provisions governing particulate matter at one of its generating stations. Three northeast states and two environmental groups have intervened in the Cinergy case. The case is currently in discovery and has been set for trial by jury commencing in February 2006. A second lawsuit being defended by one of Cinergy's co-owners involves similar allegations and is also pending with a trial beginning in July 2005. Duke Energy is a defendant in similar litigation brought by the EPA in which the presiding court has entered judgement in favor of Duke Energy, which was subsequently affirmed on appeal by the 4th Circuit Court of Appeals and which may further be appealed. We are unable to predict whether resolution of these matters would have a material adverse effect on our financial position or results of operations.

In July 2004, the states of Connecticut, New York, California, Iowa, New Jersey, Rhode Island, Vermont, and Wisconsin and the City of New York brought a lawsuit against Cinergy, American

Electric Power Company, Inc., American Electric Power Service Corporation, The Southern Company, Tennessee Valley Authority, and Xcel Energy Inc.; on the same day, a second, similar lawsuit was filed against the same companies. These lawsuits allege that the defendants' emissions of CO_2 from the combustion of fossil fuels at electric generating facilities contribute to global warming and amount to a public nuisance. The complaints also allege that the defendants could generate the same amount of electricity while emitting significantly less CO_2. We are not able to predict whether resolution of these matters would have a material adverse effect on our financial position or results of operations.

We are subject to numerous environmental laws and regulations that require significant capital expenditures, increase our cost of operations, and which may impact or limit our business plans, or expose us to environmental liabilities.

We are subject to numerous environmental regulations affecting many aspects of our present and future operations, including air emissions, water quality, wastewater discharges, solid waste and hazardous waste. These laws and regulations can result in increased capital, operating, and other costs, particularly with regard to enforcement efforts focused on power plant emissions obligations. These laws and regulations generally require us to obtain and comply with a wide variety of environmental licenses, permits, inspections and other approvals. Both public officials and private individuals may seek to enforce applicable environmental laws and regulations. We cannot predict the outcome (financial or operational) of any related litigation that may arise.

In 2002, the State of North Carolina enacted clean air legislation that, with limited exceptions, freezes base rates for investor-owned electric utilities through 2007, to enable North Carolina electric utilities, including Duke Energy, to make significant reductions in emissions of sulfur dioxide and nitrogen oxides from the state's coal-fired power plants by 2013. We estimate the cost of achieving the proposed emission reductions to be approximately $1.7 billion. The legislation requires that a minimum of 70% of the originally estimated total cost of $1.5 billion be amortized within the retail rate freeze period. In addition, as the NCUC will determine how any remaining costs will be recovered after the rate freeze period, the manner of such recovery is unclear at this time.

In March 2005, the EPA issued the Clean Air Interstate Rule (CAIR), formerly the Interstate Air Quality Rule, which requires states to revise their SIP by September 2006 to address alleged contributions to downwind non-attainment with the revised National Ambient Air Quality Standards for ozone and fine particulate matter. The rule established a two-phase, regional cap and trade program for sulfur dioxide (SO_2) and nitrogen oxide (NOx), affecting 28 states, including Ohio, Indiana, and Kentucky, and requires SO_2 and NOx emissions to be cut 70% and 65%, respectively, by 2015. At the same time, the EPA issued the Clean Air Mercury Rule (CAMR) which requires reductions in mercury emissions from coal-fired power plants. The final regulation also adopts a two-phase cap and trade approach that requires mercury reductions of 70% by 2018. Under both CAIR and CAMR, companies have flexible compliance options including installation of pollution controls on large plants where such controls are particularly efficient and utilization of emission allowances for smaller plants where controls are not cost effective. Numerous states and environmental organizations have challenged provisions of both rules, including contending that they do not require enough reductions. At this time we cannot predict the outcome of this matter.

Over the 2005-2009 time period, Cinergy expects to spend approximately $1.8 billion to reduce mercury, SO_2, and NOx emissions. These estimates also include estimated costs to comply at plants that we own but do not operate and could change based on compliance plans of co-owners or operators involved. Moreover, as market conditions change, additional compliance options may become available and our plans will be adjusted accordingly. Approximately 60% of these estimated environmental costs would be incurred at PSI's coal-fired plants, and we would seek to recover such costs in accordance with regulatory statutes governing environmental cost recovery. CG&E would receive partial recovery

of depreciation and financing costs related to environmental compliance projects for 2005-2008 through its recently approved rate stabilization plan (RSP).

Although we believe that we are legally entitled to recover these costs, if we cannot recover these costs in a timely manner, or in an amount sufficient to cover our actual costs, our financial conditions and results of operations could be materially and adversely impacted. Furthermore, we cannot assure you that existing environmental regulations will not be revised or that new regulations seeking to protect the environment will not be adopted or become applicable to us. Revised or additional regulations, which result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from our customers, could have a material adverse effect on our results of operations.

In addition, we face potential further regulations, taxes or other costs in connection with greenhouse gas emissions or other emissions that could be deemed to be "pollutants" under CAA or other statutes. We are unable to predict the outcome, cost or impact on our business, financial condition or results of operations.

We are subject to asbestos litigation.

CG&E and PSI have been named as defendants or co-defendants in lawsuits relating to damages for personal injuries alleged to have arisen from the exposure to or use of asbestos. In these lawsuits, plaintiffs claim to have been exposed to asbestos-containing products in the course of their work at the companies' generating stations. The plaintiffs further claim that as the property owners of the generating stations, we should be held liable for their injuries and illnesses based on an alleged duty to warn and protect them from any asbestos exposure. We cannot predict the number or outcome of these claims or the impact they may ultimately have on our business, financial condition or results of operations.

Duke Energy has experienced numerous claims relating to damages for personal injuries alleged to have arisen from the exposure to or use of asbestos in connection with construction and maintenance activities conducted by Duke Power on its electric generation plants during the 1960s and 1970s. Duke Energy has third-party insurance to cover losses related to these asbestos-related injuries and damages above a certain aggregate deductible. The insurance policy, including the policy deductible and reserves, provided for coverage to Duke Energy up to an aggregate of $1.6 billion when purchased in 2000. Amounts recognized as reserves in Duke Energy's consolidated balance sheets, which are not anticipated to exceed the coverage, are based upon Duke Energy's best estimate of the probable liability for future asbestos claims. These reserves are based upon current estimates and are subject to uncertainty. Factors such as the frequency and magnitude of future claims could change the current estimates of the related reserves and claims for recoveries reflected in Duke Energy's consolidated financial statements. Although Duke Energy does not currently anticipate that any changes to these estimates will have any material adverse effect on Duke Energy's consolidated results of operations, cash flows or financial position, no assurance can be given.

The uncertain outcome regarding the timing, creation and structure of regional transmission organizations, or RTOs, may materially impact our results of operations, cash flows or financial condition.

Congress, FERC, and the state utility regulators have paid significant attention in recent years to transmission issues, including the development of a number of regional transmission organizations. For the last several years, the FERC has supported independent RTOs and has indicated a belief that it has the authority to order transmission-owning utilities to transfer operational control of their transmission assets to such RTOs. Many state regulators, including regulators in North and South Carolina, have expressed skepticism over the potential benefits of RTOs and generally disagree with the FERC's interpretation of its authority to mandate RTOs. We cannot predict the timing or content of any final rules that may be implemented regarding RTOs or the effect that they may have on Duke Energy

Holding's utilities' transmission operations or whether that outcome will have a material adverse effect on our future consolidated results of operations, cash flows or financial condition.

Duke Energy has been developing a proposal it is considering filing with FERC that would provide for the administration by an independent entity of certain aspects of transmission service on Duke Energy's transmission system. Although it is not possible to predict the outcome of the related proceeding, Duke Energy and Cinergy believe that, based on recent FERC precedent, Duke Energy will be able to obtain FERC approval of Duke Energy's transmission proposal in a form that would not have a material adverse effect on the anticipated benefits of the transactions.

Cinergy is a member of the MISO, a regional transmission organization established in 1998 as a non-profit organization which maintains functional control over the combined transmission systems of its members. On April 1, 2005, the MISO implemented a centralized economic dispatch platform supported by a Day-Ahead and Real-Time Energy Market design, including Location Marginal Pricing (LMP) and Financial Transmission Rights (FTRs) (Energy Markets Tariff).

Specifically, the Energy Markets Tariff manages system reliability through the use of a market-based congestion management system and includes a centralized dispatch platform, the intent of which is to dispatch the most economic resources to meet load requirements reliably and efficiently in the Midwest ISO region, which covers a large portion of 15 midwestern states and one Canadian province. The Energy Markets Tariff uses LMP (i.e., the energy price for the next megawatt hour may vary throughout the MISO market based on transmission congestion and energy losses), and the allocation or auction of FTRs, which are instruments that hedge against congestion costs occurring in the Day-Ahead market. The Energy Markets Tariff also includes market monitoring and mitigation measures as well as a resource adequacy proposal that proposes both an interim solution for participants providing and having access to adequate generation resources and a proposal to develop a long-term solution to resource adequacy concerns. The MISO performs a day-ahead unit commitment and dispatch forecast for all resources in its market and also performs the real-time resource dispatch for resources under its control on a five minute basis. Cinergy will seek to recover costs that its utility operating companies incur related to the Energy Markets Tariff. We believe, but can provide no assurance, that the Energy Markets Tariff will not have a material impact on our results of operations or financial position.

Deregulation or restructuring in the electric industry may result in increased competition and unrecovered costs that could adversely affect our financial condition, results of operations or cash flows and our utilities' businesses.

Increased competition resulting from deregulation or restructuring efforts could have a significant adverse financial impact on us and our utility subsidiaries and consequently on our results of operations and cash flows. Increased competition could also result in increased pressure to lower costs, including the cost of electricity. Retail competition and the unbundling of regulated energy and gas service could have a significant adverse financial impact on us and our subsidiaries due to an impairment of assets, a loss of retail customers, lower profit margins or increased costs of capital. We cannot predict the extent and timing of entry by additional competitors into the electric markets. We cannot predict when we will be subject to changes in legislation or regulation, nor can we predict the impact of these changes on our financial condition, results of operations or cash flows.

Ohio has enacted electric generation deregulation legislation. Our Ohio residential customers are in a market development period through 2005, during which rates are frozen. Non-residential customers are under a recently approved rate stabilization plan, or RSP, that runs through December 31, 2008. Residential customers will be under the RSP beginning in 2006, also ending in 2008. At this time, it is difficult to predict how the regulatory environment will look after the rate stabilization period ends.

RISKS RELATED TO THE INDUSTRY

Our results of operations may be negatively affected by sustained downturns or sluggishness in the economy, including low levels in the market prices of commodities, all of which are beyond our control.

Sustained downturns or sluggishness in the economy generally affect the markets in which we operate and negatively influence our energy operations. Declines in demand for electricity and gas as a result of economic downturns in our franchised electric and gas service territories will reduce overall electricity and gas sales and lessen our cash flows, especially as our industrial customers reduce production and, therefore, consumption of electricity and gas. Our gas transmission and distribution and gas gathering and processing businesses may experience a decline in the volume of natural gas shipped through their pipelines and transport systems or gathered and processed at their plants, resulting in lower revenues and cash flows, as lower economic output reduces energy demand. Although our franchised electric business is subject to regulated allowable rates of return and recovery of fuel costs under a fuel adjustment clause, and our gas transmission business is subject to mandated tariff rates, overall declines in electricity sold or the volume of gas shipped as a result of economic downturn or recession could reduce revenues and cash flows, thus diminishing results of operations.

We sell electricity into the spot market or other competitive power markets on a contractual basis and enter into contracts to purchase and sell electricity, natural gas and natural gas liquids as part of our energy marketing and trading operations. With respect to such transactions, we are not guaranteed any rate of return on our capital investments through mandated rates, and our revenues and results of operations are likely to depend, in large part, upon prevailing market prices for power, natural gas and natural gas liquids in our regional markets and other competitive markets. These market prices may fluctuate substantially over relatively short periods of time. These factors could reduce our revenues and margins and therefore diminish our results of operations.

Lower demand for the electricity we sell, for the natural gas we gather, process, transport and distribute, and lower prices for electricity, natural gas and natural gas liquids result from multiple factors that affect the markets where we sell electricity or gather, process, transport or distribute natural gas, including:

- weather conditions, including abnormally mild winter or summer weather that cause lower energy usage for heating or cooling purposes, respectively, and periods of low rainfall that decrease our ability to generate hydroelectric energy;
- supply of and demand for energy commodities, including any decreases in the production of natural gas which could negatively affect our processing business and our gas transmission business due to lower throughput;
- illiquid markets including reductions in trading volumes which result in lower revenues and earnings;
- general economic conditions, including downturns in the U.S. or other economies which impact energy consumption particularly in which sales to industrial or large commercial customers comprise a significant portion of total sales;
- transmission or transportation constraints or inefficiencies which impact our merchant energy operations;
- availability of competitively priced alternative energy sources, which are preferred by some customers over electricity produced from coal, nuclear or gas plants, and of energy-efficient equipment which reduces energy demand;
- natural gas, crude oil and refined products production levels and prices;

- electric generation capacity surpluses which cause our merchant energy plants to generate and sell less electricity at lower prices and may cause some plants to become non-economical to operate;
- capacity and transmission service into, or out of, our markets;
- petrochemical demand for natural gas liquids;
- natural disasters, acts of terrorism, wars, embargoes and other catastrophic events to the extent they affect our operations and markets; and
- federal, state and foreign energy and environmental regulation and legislation.

These factors have led to industry-wide downturns that have resulted in the slowing down or stopping of construction of new power plants and announcements by us and other energy suppliers and gas pipeline companies of plans to sell non-strategic assets, subject to regulatory constraints, in order to boost liquidity or strengthen balance sheets. Proposed sales by other energy suppliers and gas pipeline companies could increase the supply of the types of assets that we are attempting to sell. In addition, recent FERC actions addressing power market concerns could negatively impact the marketability of our electric generation assets.

Our operating results may fluctuate on a seasonal and quarterly basis.

Electric power generation and gas distribution are generally seasonal businesses. In most parts of the United States and other markets in which we operate, demand for power peaks during the hot summer months, with market prices also peaking at that time. In other areas, demand for power peaks during the winter. In addition, demand for gas and other fuels generally peaks during the winter, especially for our natural gas businesses in Canada. Further, extreme weather conditions such as heat waves or winter storms could cause these seasonal fluctuations to be more pronounced. As a result, in the future, the overall operating results of our businesses may fluctuate substantially on a seasonal and quarterly basis and thus make period comparison less relevant.

Our business is subject to extensive regulation that will affect our operations and costs.

We are subject to regulation by the SEC under PUHCA, by FERC and the NRC, by federal, state and local authorities under environmental laws and by state public utility commissions under laws regulating our businesses. Regulation affects almost every aspect of our businesses, including, among other things, our ability to: take fundamental business management actions; determine the terms and rates of our transmission and distribution businesses' services; make acquisitions; issue equity or debt securities; engage in transactions between our utilities and other subsidiaries and affiliates; and pay dividends. Changes in regulation can cause delays in or affect business planning and transactions and can substantially increase our costs.

Our businesses in North America are subject to complex government regulations on the federal, state and provincial level. These regulations applicable to the electric power industry have a significant impact on the nature of the industry and the manner in which its participants conduct their businesses. Changes to these regulations are ongoing, and we cannot predict the future course of changes in this regulatory environment or the ultimate effect that this changing regulatory environment will have on our business.

PUHCA and the Federal Power Act, or FPA, regulate public utility holding companies and their subsidiaries and place constraints on the conduct of their business. The rates charged by our franchised electric businesses are approved by FERC and the state public service commissions in the states in which we operate. The state public service commissions regulate many aspects of our electric utility operations, including siting and construction of facilities, customer service and the rates that we can charge customers. FERC regulates wholesale electricity operations and transmission rates, and the state

commissions regulate retail electricity operations and rates. The Public Utility Regulatory Policies Act of 1978 provides "qualifying facilities" with exemptions from certain federal and state laws and regulations, including PUHCA and most provisions of the FPA. The Energy Policy Act of 1992 and the Telecommunications Act of 1996 also provide exemptions (in whole or in part) from regulation under PUHCA to "exempt wholesale generators," "foreign utility companies" and "exempt telecommunications companies." Maintaining the exempt status of our eligible facilities and businesses is conditioned on those facilities and businesses continuing to meet the applicable statutory criteria.

Existing regulations may be revised or reinterpreted, new laws and regulations may be adopted or become applicable to us or our facilities, and future changes in laws and regulations may have a detrimental effect on our business. Some of the previously restructured markets have recently experienced supply problems and price volatility. These supply problems and volatility have been the subject of a significant amount of press coverage, much of which has been critical of the restructuring initiatives. In some of these markets, including California, proposals have been made by governmental agencies and other interested parties to re-regulate areas of these markets that previously have been deregulated. We cannot assure you that other proposals to re-regulate will not be made and that legislative or other attention to the electric power restructuring process will not cause the deregulation process to be delayed or reversed.

FERC has instituted a rulemaking to modify the methodology it employs to assess generation market power. In the interim, FERC has established certain market screens. Failure to satisfy any of such screens allows an applicant for market-based rates to submit additional tests and information to FERC to demonstrate that it does not have market power in the region in which it fails the screens. Certain of these screens are difficult for a franchised utility such as Duke Power to pass. In an order issued on June 30, 2005 the FERC revoked the authority for Duke Power to make wholesale power sales within its control area at market-based rates based on the FERC's determination that Duke Power fails one of the applicable market screens. Under the FERC's order, Duke Power must pay partial refunds and may prospectively make wholesale power sales within its control area only at cost-based rates. The FERC's order will not result in a material financial impact upon Duke Energy. Pursuant to a previous order Duke Power may continue to make wholesale sales at market-based rates to customers outside of its control area.

Our gas transmission and storage operations are subject to government regulations and rate proceedings that could have an adverse impact on our ability to recover the costs of operating our pipeline facilities.

Interstate gas transmission and storage operations are subject to FERC's regulatory authority, which extends to: transportation of natural gas; rates and charges; construction, acquisition, extension or abandonment of services or facilities; accounts and records; depreciation and amortization policies; and operating terms and conditions of service.

FERC has taken actions to strengthen market forces in the natural gas pipeline industry which has led to increased competition throughout the industry. In a number of key markets, interstate pipelines are now facing competitive pressure from other major pipeline systems, enabling local distribution companies and end users to choose a supplier or switch suppliers based on the short-term price of gas and the cost of transportation.

Given the extent of FERC's regulatory power, we cannot give any assurance regarding the likely regulations under which we will operate our natural gas transmission and storage business in the future or the effect of regulation on our financial position and results of operations.

Some of our interstate gas transmission companies from time to time have in effect rate settlements approved by FERC which prevent those companies or third parties from modifying rates, except for allowed adjustments. These settlements do not preclude FERC from taking action on its own to modify the rates. Upon expiration of the settlements, the companies or third parties may institute

actions at FERC to modify the companies' rates. It is not possible to determine at this time whether any such actions would be instituted or what the outcome would be, but such proceedings could result in rate adjustments.

Our Canadian gas operations are subject to various degrees of regulation by Canadian authorities. The rates charged by our Canadian gas business for the gathering, processing and transmission services provided to shippers and the terms and conditions under which those services are provided are subject to regulation by the National Energy Board (NEB). In addition, the NEB regulates the operation, maintenance and public safety aspects of the gathering, processing and transmission system and the construction of any additional capital facilities. Union Gas Limited is also subject to regulation by the Ontario Energy Board (OEB) with respect to the rates that it may charge its customers with respect to its natural gas storage, transmission and distribution system, facility expansions or facility abandonment, adequacy of service, public safety aspects of pipeline system construction and certain accounting principles. Actions of these regulators may impact our earnings from operations, and changes in the Canadian regulatory framework could impact the ability of our Canadian operations to conduct business effectively and to sustain or increase profitability.

Potential terrorist activities or military or other actions could adversely affect our business.

The continued threat of terrorism and the impact of retaliatory military and other action by the United States and its allies may lead to increased political, economic and financial market instability and volatility in prices for natural gas and oil which could affect the market for our gas operations and may materially adversely affect us in ways we cannot predict at this time. In addition, future acts of terrorism and any possible reprisals as a consequence of action by the United States and its allies could be directed against companies operating in the United States. In particular, nuclear generation facilities such as our nuclear plants could be potential targets of terrorist activities. The potential for terrorism has subjected our operations to increased risks and could have a material adverse effect on our business. In particular, we may experience increased capital and operating costs to implement increased security for our plants, including our nuclear power plants under the NRC's design basis threat requirements, such as additional physical plant security and additional security personnel.

The insurance industry has also been disrupted by these events. As a result, the availability of insurance covering risks we and our competitors typically insure against may decrease. In addition, the insurance we are able to obtain may have higher deductibles, higher premiums and more restrictive policy terms.

International concern with perceived global climate change may lead various regulatory authorities to change or adopt new policies to manage greenhouse gas emissions, which could include policies that have an adverse effect on our future results of operations.

Various countries including the United States, and within the United States, various regions, states and localities, are contemplating or have taken steps to manage greenhouse gas emissions. Although the content of such policies is uncertain, and many are still under development, it is possible that such policies could involve mandated capital investments, restrictions on operations, or other elements that could significantly negatively impact our businesses and results of operations.

Increased environmental regulation and liabilities could subject us to significant compliance and remediation costs that adversely affect our results of operations.

Our operations are subject to extensive environmental regulation pursuant to a variety of U.S., Canadian, and other federal, provincial, state and municipal laws and regulations. Such environmental regulation imposes, among other things, restrictions, liabilities, obligations and potential enforcement in connection with the generation, handling, use, storage, transportation, treatment and disposal of hazardous substances and waste and in connection with spills, releases and emissions of various substances into the environment. Environmental legislation also requires that our facilities, sites and

other properties associated with our operations be operated, maintained, and reclaimed to the satisfaction of applicable regulatory authorities.

Existing environmental regulations could also be revised or reinterpreted, new laws and regulations could be adopted or become applicable to us or our facilities, and future changes in environmental laws and regulations could occur. The federal government and several states periodically propose increased environmental regulation of many industrial activities, including increased regulation of air quality, water quality and solid waste management, which can translate into programmatic, operational or capital impacts on our assets, including the need to install and operate significant pollution control equipment. In addition, Canada and some of the countries in which we operate are moving forward on the process of adopting the greenhouse gas emissions principles of the Kyoto Protocol. With the trend toward stricter standards, greater regulation, more extensive permit requirements and an increase in the number and types of assets operated by us subject to environmental regulation, we expect our environmental expenditures to continue to be substantial in the future.

Compliance with environmental regulations can require significant expenditures, including expenditures for clean up costs and damages arising out of contaminated properties, and failure to comply with environmental regulations may result in the imposition of fines and penalties. The steps we take to ensure our facilities are in compliance could be prohibitively expensive, and we may be required to shut down or alter the operation of our facilities, which may cause us to incur losses. Further, our regulatory rate structure and our contracts with clients may not necessarily allow us to recover capital costs we incur to comply with new environmental regulations such as the North Carolina clean air legislation. Also, we may not be able to obtain or maintain from time to time all required environmental regulatory approvals for our development projects. If there is a delay in obtaining any required environmental regulatory approvals, if we fail to obtain and comply with them or if environmental regulations change and become more stringent, the operation of our facilities or the development of new facilities could be prevented, delayed or become subject to additional costs. Should we fail to comply with all applicable environmental laws, we may be subject to penalties and fines imposed against us by regulatory authorities. Although it is not expected that the costs of complying with current environmental regulations will have a material adverse effect on our financial condition or results of operations, no assurance can be made that the costs of complying with environmental regulations in the future will not have such an effect.

In addition, we are generally responsible for on-site liabilities, and in some cases off-site liabilities, associated with the environmental condition of our power generation facilities and natural gas assets which we have acquired or developed, regardless of when the liabilities arose and whether they are known or unknown. In connection with some acquisitions and sales of assets, we may obtain, or be required to provide, indemnification against some environmental liabilities. If we incur a material liability, or the other party to a transaction fails to meet its indemnification obligations to us, we could suffer material losses.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the documents that are incorporated into this joint proxy statement/prospectus by reference include various forward-looking statements about Duke Energy, Cinergy and Duke Energy Holding that are subject to substantial risks and uncertainties. Forward-looking statements include the information concerning future financial performance, business strategy, projected plans and objectives of Duke Energy, Cinergy and Duke Energy Holding set forth throughout this joint proxy statement/prospectus.

We use the words "anticipate," "assume," "believe," "could," "estimate," "expect," "intend," "may," "plan," "project," "should" and similar expressions to identify forward-looking statements that reflect our current views about future events. These statements are subject to many risks and uncertainties. In addition to the risk factors described under "Risk Factors Relating to the Mergers," the following important factors, among others, could cause actual future results for Duke Energy, Cinergy and Duke Energy Holding to differ materially from those expressed in the forward-looking statements:

- changes in laws or regulations, including in tax rates or policies, in rates of inflation, or in accounting standards;
- changing governmental policies and regulatory actions with respect to allowed rates of return, including, but not limited to, return on equity and equity ratio limits;
- trading and marketing of energy and energy derivatives;
- recovery of fuel and purchased power costs;
- decommissioning costs;
- developments affecting nuclear waste disposal facilities;
- weather conditions (including natural disasters, such as hurricanes);
- population growth rates and demographic patterns;
- market demand for energy;
- competition for retail and wholesale customers;
- competition for opportunities in the energy business;
- availability, pricing and transportation of coal, petroleum, natural gas, emission allowances and other commodities used, sold or traded in our business;
- variability of operating results in a more competitive environment;
- unanticipated delays in capital projects or changes in capital expenditures or operating expenses;
- unscheduled generation outages or system constraints;
- capital market conditions; and
- legal and administrative proceedings (whether civil, such as environmental, or criminal) and settlements.

Most of these factors are difficult to predict accurately and are generally beyond the control of Duke Energy, Cinergy and Duke Energy Holding.

The areas of risk and uncertainty described above should be considered in connection with any written or oral forward-looking statements that may be made after the date of this joint proxy statement/prospectus by Duke Energy Holding, Duke Energy or Cinergy or anyone acting for any or all of them. Except for their ongoing obligations to disclose material information under the U.S. federal securities laws, none of Duke Energy Holding, Duke Energy or Cinergy undertakes any obligation to release publicly any revisions to any forward-looking statements, to report events or circumstances after the date of this joint proxy statement/prospectus or to report the occurrence of unanticipated events.

THE DUKE ENERGY SPECIAL MEETING

General

The Duke Energy board of directors is using this joint proxy statement/prospectus 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 joint proxy statement/prospectus and accompanying proxy card to its shareholders on or about [•], 2005.

Date, Time and Place of the Duke Energy Special Meeting

Duke Energy will hold its special meeting of shareholders on [•], 2005, at 10:00 a.m. local time in the O.J. Miller Auditorium in the Energy Center located at 526 South Church Street in Charlotte, North Carolina.

Purpose of the Duke Energy Special Meeting

At the Duke Energy special meeting, holders of Duke Energy common stock will be asked to:

- approve the merger agreement and thereby approve the mergers; and
- consider and take action upon any other business that may properly come before the Duke Energy special meeting or any reconvened meeting following an adjournment or postponement of the Duke Energy special meeting.

The Duke Energy board of directors has adopted the merger agreement and approved the mergers and recommends that Duke Energy shareholders vote **FOR** the approval of the merger agreement and the mergers.

Duke Energy Record Date; Shares Entitled to Vote

The Duke Energy board of directors has fixed the close of business on [•], 2005 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 and Duke Energy preferred stock at the close of business on the record date are entitled to notice of the special meeting, and only holders of record of shares of Duke Energy common stock at the close of business on the record date are entitled to vote at the 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.

As of [•], 2005, the record date for the Duke Energy special meeting, there were approximately [•] shares of Duke Energy common stock outstanding and held by approximately [•] holders of record.

Quorum

In order to conduct the special meeting, holders of a majority of the outstanding shares of common stock 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. "Broker non-votes" are shares held by a broker or other nominee that are represented at the meeting, but with respect to which such broker or

nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal, and the broker does not have discretionary voting power on such proposal. Under NYSE rules, your broker or bank does not have discretionary authority to vote your shares of Duke Energy common stock on the proposal to approve the merger agreement. Without voting instructions on such proposal, a broker non-vote will occur.

Vote Required

Approval of the merger agreement and the mergers requires that at least a majority of the outstanding shares of Duke Energy common stock vote **FOR** the approval of the merger agreement and the mergers. Abstentions and broker non-votes have the same effect as shares voted against the proposal to approve the merger agreement and the mergers.

Recommendation of the Board of Directors

As discussed elsewhere in this joint proxy statement/prospectus, Duke Energy's board of directors has adopted and approved the merger agreement and the transactions contemplated by the merger agreement, including the mergers, and has determined that the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Duke Energy and its shareholders. The Duke Energy board of directors recommends that Duke Energy shareholders vote **FOR** the approval of the merger agreement and the mergers.

Duke Energy shareholders should carefully read this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the mergers. In particular, Duke Energy shareholders are directed to the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus.

Voting by Duke Energy's Directors and Executive Officers

As of the record date, Duke Energy's directors and executive officers had the right to vote approximately [•]% of the Duke Energy common stock outstanding and entitled to vote at the special meeting. Each Duke Energy director and executive officer has indicated his or her present intention to vote, or cause to be voted, the Duke Energy common stock owned by him or her for the approval of the merger agreement.

Voting of Proxies

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. Properly executed proxies that do not contain voting instructions will be voted **FOR** the approval of the merger agreement and the mergers.

Only shares affirmatively voted for the approval of the merger agreement and mergers or properly executed proxies that do not contain voting instructions will be counted as favorable votes for the proposals. Accordingly, an abstention or failure to vote will have the same effect as a vote against approval of the merger agreement and mergers. 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.

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 vote, the proxies cannot vote

your shares of Duke Energy common stock at the Duke Energy special meeting. You have four voting options:

Internet. You can vote over the Internet by accessing the website at *www.proxyvote.com* and following the instructions on the website. Internet voting is available 24 hours a day. If you vote over the Internet, do not return your proxy card(s) or voting instruction card(s).

Telephone. You can vote by telephone by calling the toll-free number (800) 690-6903 in the United States, Canada or Puerto Rico on a touch-tone phone. You will then be prompted to enter the control number printed on your proxy card and to follow the subsequent instructions. Telephone voting is available 24 hours a day. If you vote by telephone, do not return your proxy card(s) or voting instruction card(s).

Mail. You can vote by mail by simply completing, signing, dating and mailing your proxy card(s) or voting instruction card(s) in the postage-paid envelope included with this joint proxy statement/ prospectus.

In Person. You may come to the Duke Energy special meeting and cast your vote there. The Duke Energy board of directors recommends that you vote by proxy even if you plan to attend the Duke Energy special meeting. If your shares of Duke Energy common stock are held in a stock brokerage account or through a bank, broker or other nominee, or, in other words, in street name, you must bring a letter from your bank, broker or nominee identifying you as the beneficial owner of the shares and authorizing you to vote such shares at the Duke Energy special meeting.

If you hold shares of Duke Energy common stock in street name, please follow the voting instructions provided by that entity. With respect to the proposal relating to the approval of the merger agreement and mergers, if you do not instruct your bank, broker or other nominee how to vote your shares of Duke Energy common stock, those shares will not be voted at the Duke Energy special meeting, and such bank, broker or other nominee will not be authorized to vote.

A number of banks and brokerage firms participate in a program that also permits shareholders whose shares are held in street name to direct their vote over the Internet or by telephone. This option, if available, will be reflected in the voting instructions from the bank or brokerage firm that accompany this joint proxy statement/prospectus. If your shares are held in an account at a bank or other brokerage firm that participates in such a program, you may direct the vote of these shares by the Internet or telephone by following the voting instructions enclosed with the proxy form from the bank or brokerage firm.

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. Votes directed by the Internet or telephone through such a program must be received by 11:59 p.m., eastern daylight saving time, on [•], 2005. 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 meeting that have been properly voted (whether by Internet, telephone or mail) and not revoked. If you sign and return your proxy card(s) but do not mark your card(s) to tell the proxies how to vote your shares on the proposal, your proxy will be voted **FOR** the proposal.

Duke Energy 401(k) Plan Participants

If you are a participant in the Duke Energy Retirement Savings Plan, you have the right to provide voting directions to the plan trustee on any issues properly presented at the special meeting, by submitting your proxy card, for those shares of Duke Energy common stock that are held by the plan

and allocated to your plan account. Plan participant proxies will be treated confidentially. If you elect not to provide voting directions to the plan trustee, shares of Duke Energy common stock allocated to your plan account are to be voted by the plan trustee in the same proportion as those shares held by the plan for which the plan trustee has received voting directions from 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 its fiduciary responsibility. Because the plan trustee must process voting instructions from participants before the date of the Duke Energy special meeting, you are urged to deliver your instructions well in advance of the Duke Energy special meeting so that the instructions are received no later than [•], 2005.

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 is received prior to the Duke Energy special meeting and states that you revoke your proxy;
- by signing another proxy card(s) or voting instruction card(s) bearing a later date and mailing it so that it is received 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.

If your shares are held in street name by a broker, bank or other nominee you will need to contact your broker to revoke your proxy.

Other Voting Matters

Electronic Access to Proxy Material

This joint proxy statement/prospectus, Duke Energy's 2004 Form 10-K for the fiscal year ended December 31, 2004 and Duke Energy's Form 10-Q for the quarter ended March 31, 2005 are available on the Duke Energy website, *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;* or by mail at P.O. Box 1005, Charlotte, N.C. 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 Cinergy will share equally the expenses incurred in connection with the filing of the registration statement of which this joint proxy statement/prospectus 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 or by telephone.

Duke Energy has engaged the services of Innisfree M&A Incorporated for a fee of approximately $20,000, 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.

Other Business; Adjournment

The Duke Energy board of directors is not aware of any other business to be acted upon at the special meeting and the North Carolina Business Corporation Act, or NCBCA, provides that no business other than that stated in the notice may be transacted at any special meeting.

The persons named as proxies by a Duke Energy shareholder may propose and vote for one or more adjournments of the Duke Energy special meeting, including adjournments to permit further solicitations of proxies. No proxy voted against the proposal to approve the merger agreement will be voted in favor of any adjournment of the Duke Energy special meeting.

Any adjournment may be made from time to time by approval of the Duke Energy shareholders holding a majority of the voting power present in person or by proxy at the Duke Energy special meeting, whether or not a quorum exists, without further notice other than by an announcement made at the Duke Energy special meeting. If a quorum is not present at the Duke Energy special meeting, shareholders may be asked to vote on a proposal to adjourn the Duke Energy special meeting to solicit additional proxies. If a quorum is present at the Duke Energy special meeting but there are not sufficient votes at the time of the Duke Energy special meeting to approve the merger proposal, holders of Duke Energy common stock may also be asked to vote on a proposal to approve the adjournment of the Duke Energy special meeting to permit further solicitation of proxies. Abstentions and broker non-votes will be treated as votes against any such proposal.

Representatives of Deloitte & Touche LLP

Representatives of Deloitte & Touche LLP are expected to be present at the Duke Energy special meeting. The representatives of Deloitte & Touche LLP will have the opportunity to make a statement regarding the proposed mergers if they desire to do so, and they are expected to be available to respond to appropriate questions from Duke Energy shareholders at the Duke Energy special meeting.

Assistance

If you need assistance in completing your proxy card or have questions regarding Duke Energy's special meeting, please contact Innisfree M&A Incorporated toll-free at (877) 825-8906. Banks and brokers may call collect at (212) 750-5833.

THE CINERGY SPECIAL MEETING

General

The Cinergy board of directors is using this joint proxy statement/prospectus to solicit proxies from the holders of shares of Cinergy common stock for use at the special meeting of Cinergy shareholders. Cinergy is first mailing this joint proxy statement/prospectus and accompanying proxy card to its shareholders on or about [•], 2005.

Date, Time and Place of the Cinergy Special Meeting

Cinergy will hold its special meeting of shareholders on at 9:00 am, eastern daylight saving time, on [•], 2005 at [•].

Purpose of Cinergy Special Meeting

At the Cinergy special meeting, holders of shares of Cinergy common stock will be asked to:

- adopt the merger agreement and thereby approve the mergers; and
- consider and take action upon any other business that may properly come before the Cinergy special meeting or any reconvened meeting following an adjournment or postponement of the Cinergy special meeting.

The Cinergy board of directors has adopted the merger agreement and the transactions contemplated thereby, including the mergers, and recommends that Cinergy shareholders vote **FOR** the adoption of the merger agreement and the mergers.

Cinergy Record Date; Outstanding Shares; Shares Entitled to Vote

The Cinergy board of directors has fixed the close of business on [•], 2005 as the record date for determination of shareholders entitled to notice of and to vote at the Cinergy special meeting.

As of [•], 2005, the record date for the Cinergy special meeting, there were approximately [•] shares of Cinergy common stock outstanding and held by approximately [•] holders of record. Each shareholder is entitled to one vote at the Cinergy special meeting for each share of Cinergy common stock held by that shareholder at the close of business on the record date. Cinergy's common stock is its only voting security, and shares of Cinergy common stock held by Cinergy in its treasury are not voted.

Quorum

In order to conduct the special meeting, holders of a majority of the outstanding shares of common stock 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 Cinergy common stock represented at the Cinergy 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. "Broker non-votes" are shares held by a broker or other nominee that are represented at the meeting, but with respect to which such broker or nominee is not instructed by the beneficial owner of such shares to vote on the particular proposal, and the broker does not have discretionary voting power on such proposal.

Vote Required

Adoption of the merger agreement and thereby approval of the mergers, requires that at least a majority of outstanding shares of Cinergy common stock vote **FOR** the adoption of the merger agreement and the mergers. Abstentions and broker non-votes will be treated as shares voted against the proposal to adopt the merger agreement and approve the mergers.

Recommendation of the Board of Directors

As discussed elsewhere in this joint proxy statement/prospectus, Cinergy's board of directors has approved and adopted the merger agreement and the transactions contemplated by the merger agreement, including the mergers, and has determined that the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of Cinergy and its shareholders. The Cinergy board of directors recommends that Cinergy shareholders vote **FOR** the adoption of the merger agreement and approval of the mergers.

Cinergy shareholders should carefully read this joint proxy statement/prospectus in its entirety for more detailed information concerning the merger agreement and the mergers. In particular, Cinergy shareholders are directed to the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus.

Voting by Cinergy's Directors and Executive Officers

As of the record date for the Cinergy special meeting, Cinergy's directors and executive officers had the right to vote approximately [•]% of the Cinergy common stock outstanding and entitled to vote at the meeting. Each Cinergy director and executive officer has indicated his or her present intention to vote, or cause to be voted, the shares of Cinergy common stock owned by him or her for the adoption of the merger agreement and approval of the mergers.

Voting of Proxies

All shares of Cinergy common stock represented by properly executed proxies received in time for the Cinergy special meeting will be voted at the Cinergy special meeting in the manner specified by the shareholders giving such proxies. Properly executed proxies that do not contain voting instructions will be voted **FOR** the adoption of the merger agreement and approval of the mergers.

How to Vote

If you own 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 Cinergy common stock. If you fail to vote, the proxies cannot vote your shares of Cinergy common stock at the Cinergy special meeting. You have four voting options:

Internet. You can vote over the Internet by accessing the website at *www.cesvote.com* and following the instructions on the website. Internet voting is available 24 hours a day. If you vote over the Internet, do not return your proxy card(s) or voting instruction card(s).

Telephone. You can vote by telephone by calling the toll-free number (888) 693-8683 in the United States, Canada or Puerto Rico on a touch-tone phone. You will then be prompted to enter the control number printed on your proxy card and to follow the subsequent instructions. Telephone voting is available 24 hours a day. If you vote by telephone, do not return your proxy card(s) or voting instruction card(s).

Mail. You can vote by mail by simply completing, signing, dating and mailing your proxy card(s) or voting instruction card(s) in the postage-paid envelope included with this joint proxy statement/ prospectus.

In Person. You may come to the Cinergy special meeting and cast your vote there. The Cinergy board of directors recommends that you vote by proxy even if you plan to attend the Cinergy special meeting. If your Cinergy shares are held in street name, you must bring a letter from your bank, broker or nominee identifying you as the beneficial owner of the Cinergy shares and authorizing you to vote such shares at the special meeting.

If you hold shares of Cinergy common stock in a stock brokerage account or through a bank, broker or other nominee, or, in other words, in street name, please follow the voting instructions provided by that entity. If you do not instruct your bank, broker or other nominee how to vote your shares with respect to the proposal relating to the adoption of the merger agreement and approval of the mergers, those shares will not be voted at the Cinergy special meeting, and such bank, broker or other nominee will not be authorized to vote.

A number of banks and brokerage firms participate in a program that also permits shareholders whose shares are held in street name to direct their vote over the Internet or by telephone. This option, if available, will be reflected in the voting instructions from the bank or brokerage firm that accompany this joint proxy statement/prospectus. If your Cinergy shares are held in an account at a bank or brokerage firm that participates in such a program, you may direct the vote of these Cinergy shares by the Internet or telephone by following the voting instructions enclosed with the proxy form from the bank or brokerage firm.

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. Votes directed by the Internet or telephone through such a program must be received by 11:59 p.m., eastern daylight saving time, on [•], 2005. Directing the voting of your Cinergy shares will not affect your right to vote in person if you decide to attend the Cinergy special meeting.

The named proxies will vote all Cinergy shares at the meeting that have been properly voted (whether by Internet, telephone or mail) and not revoked. If you sign and return your proxy card(s) but do not mark your card(s) to tell the proxies how to vote your Cinergy shares on the proposal, your proxy will be voted **FOR** the proposal.

Cinergy 401(k) Plan Participants

If you are a participant in the any of the Cinergy Corp. Non-Union Employees' 401(k) Plan, the Cinergy Corp. Union Employees' 401(k) Plan or the Cinergy Corp. Union Employees' Savings Incentive Plan (these plans are collectively referred to in this joint proxy statement/prospectus as the "Cinergy 401(k) Plan"), you have the right to provide voting directions to the plan trustee by submitting your proxy card for those shares of Cinergy common stock that are held by the Cinergy 401(k) Plan and allocated to your plan account on any issues properly presented at the special meeting of Cinergy shareholders. Plan participant voting directions will be treated confidentially. The plan trustee will follow participants' voting directions unless it determines that to do so would be contrary to the Employee Retirement Income Security Act of 1974. If you elect not to provide voting directions, the plan trustee will vote Cinergy shares allocated to your plan account as it determines in its discretion. Because the plan trustee must process voting instructions from participants before the date of the Cinergy special meeting, you are urged to deliver your instructions well in advance of the Cinergy special meeting so that the instructions are received no later than [•], 2005.

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 Cinergy'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 is received prior to the Cinergy special meeting and states that you revoke your proxy;
- by signing another proxy card(s) or voting instruction card(s) bearing a later date and mailing it so that it is received prior to the special meeting;
- by voting again using the telephone or Internet voting procedures; or
- by attending the Cinergy special meeting and voting in person, although attendance at the Cinergy special meeting alone will not, by itself, revoke a proxy.

If your Cinergy shares are held in street name by a broker, bank or other nominee you will need to contact your broker to revoke your proxy.

Other Voting Matters

Electronic Access to Proxy Material

This joint proxy statement/prospectus, Cinergy's Form 10-K for the fiscal year ended December 31, 2004, and Cinergy's Form 10-Q for the quarter ended March 31, 2005 are available on the Cinergy website, *www.cinergy.com.*

People with Disabilities

Cinergy can provide you with reasonable assistance to help you participate in the Cinergy special meeting if you inform Cinergy of your disability. Please write to or call Julia S. Janson, Corporate Secretary and Chief Compliance Officer at Cinergy Corp., 139 East Fourth Street, Cincinnati, Ohio 45202, (513) 287-3025, at least two weeks before the Cinergy special meeting.

Proxy Solicitations

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

Cinergy has also engaged the services of Georgeson Shareholder Communications, Inc. for a fee of approximately $20,000, plus reimbursement of expenses, to assist in the solicitation of proxies.

Cinergy and its proxy solicitors will also request that banks, brokerage houses and other custodians, nominees and fiduciaries send proxy materials to the beneficial owners of Cinergy 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.

Other Business; Adjournment

The Cinergy board of directors is not aware of any other business to be acted upon at the Cinergy special meeting.

The persons named as proxies by a Cinergy shareholder may propose and vote for one or more adjournments of the Cinergy special meeting, including adjournments to permit further solicitation of proxies. No proxy voted against the proposal to adopt the merger agreement will be voted in favor of any adjournment of the Cinergy special meeting. Approval of adjournments of the Cinergy special meeting, if necessary, to permit further solicitation of proxies, requires the affirmative vote of at least a majority of the shares of Cinergy common stock present (in person or by proxy) at the Cinergy special meeting. Abstentions and broker non-votes will be treated as votes against such a proposal.

Any adjournment may be made from time to time by approval of Cinergy shareholders holding a majority of the voting power present in person or by proxy at the Cinergy special meeting, whether or not a quorum exists, without further notice other than by an announcement made at the Cinergy special meeting. If a quorum is not present at the Cinergy special meeting, Cinergy shareholders may be asked to vote on a proposal to adjourn the Cinergy special meeting to solicit additional proxies. If a quorum is present at the Cinergy special meeting but there are not sufficient votes at the time of the special meeting to approve the merger proposal, holders of shares of Cinergy common stock may also be asked to vote on a proposal to approve the adjournment of the special meeting to permit further solicitation of proxies.

Representatives of Deloitte & Touche LLP

Representatives of Deloitte & Touche LLP are expected to be present at the Cinergy special meeting. The representatives of Deloitte & Touche LLP will have the opportunity to make a statement regarding the proposed mergers if they desire to do so, and they are expected to be available to respond to appropriate questions from Cinergy shareholders at the Cinergy special meeting.

Assistance

If you need assistance in completing your proxy card or have questions regarding Cinergy's special meeting, please contact Georgeson Shareholder Communications Inc. toll-free at (866) 729-6803. Banks and brokers may call collect at (212) 440-9800.

THE MERGERS

The discussion in this joint proxy statement/prospectus of the mergers and the principal terms of the merger agreement are subject to, and are qualified in their entirety by reference to, the merger agreement, a copy of which is attached to this joint proxy statement/prospectus as Annex A and is incorporated into this joint proxy statement/prospectus by reference.

General Description of the Mergers

The mergers are structured as all-stock transactions. Under the terms of the merger agreement, Duke Energy will first reorganize into a holding company structure. Prior to entering into the merger agreement, Duke Energy formed a new Delaware corporation, Duke Energy Holding Corp., which in turn formed two wholly-owned subsidiaries, Deer Acquisition Corp. and Cougar Acquisition Corp. The merger agreement contemplates that Deer Acquisition Corp. will merge with and into Duke Energy with Duke Energy as the surviving corporation. In such merger, holders of Duke Energy common stock will receive the right to receive one share of Duke Energy Holding common stock for each share of Duke Energy common stock held. As a result, the current holders of Duke Energy common stock will become, temporarily, the holders of all of the outstanding shares of Duke Energy Holding common stock, and Duke Energy will become a wholly-owned subsidiary of Duke Energy Holding. We refer to this merger throughout this document as the "Duke Energy merger."

Immediately following the Duke Energy merger, Duke Energy intends to convert to a limited liability company and intends to transfer ownership of Duke Capital LLC to Duke Energy Holding. The conversion of Duke Energy to a limited liability company is referred to in this joint proxy statement/prospectus as the "Duke Energy conversion." The Duke Energy merger and the Duke Energy conversion taken together are referred to in this joint proxy statement/prospectus as the "Duke Energy reorganization." After the mergers, the former shareholders of Duke Energy and Cinergy will be the shareholders of Duke Energy Holding.

Following the Duke Energy reorganization, the merger agreement contemplates that Cougar Acquisition Corp. will merge with and into Cinergy, with Cinergy as the surviving corporation. In such merger, holders of Cinergy common stock will receive the right to receive 1.56 shares of Duke Energy Holding common stock for each share of Cinergy common stock held (the Cinergy exchange ratio). As a result, the current holders of Cinergy common stock will become holders of Duke Energy Holding common stock, and Cinergy will become a wholly-owned subsidiary of Duke Energy Holding. We refer to this merger throughout this document as the "Cinergy merger."

We refer to the Duke Energy merger and the Cinergy merger together throughout this document as the "mergers." Immediately following completion of the mergers, based on the number of shares of common stock of each of Duke Energy and Cinergy outstanding as of May 6, 2005, the last trading day prior to the public announcement of the mergers, former Duke Energy shareholders will own approximately 76% of Duke Energy Holding's common stock, and former Cinergy shareholders will own approximately 24% of Duke Energy Holding's common stock. We intend to apply to the NYSE prior to the consummation of the mergers to list Duke Energy Holding common stock and intend that shares of Duke Energy Holding common stock will trade under the symbol "DUK."

In connection with the execution of the merger agreement, Duke Energy's shareholder rights plan was amended to exempt the merger agreement and the transactions contemplated by the merger agreement from Duke Energy's shareholder rights plan.

Background of the Mergers

For the past several years, the energy industry, including Duke Energy, has experienced a number of challenges, including a substantial imbalance between supply and demand for electricity, the slow

pace of economic recovery, and regulatory and legal uncertainties. In response to these challenges, Duke Energy's focus has been to reduce risks and restructure its business to better focus on its core assets. To this end, in 2004, Duke Energy's merchant generation business (DENA) sold eight natural gas-fired merchant power plants in the southeastern United States, and Duke Energy International, LLC disposed of its Asia-Pacific power generation and natural gas transmission business. These and other asset sales provided cash proceeds allowing Duke Energy to reduce debt and strengthen its balance sheet. In addition, in February 2005 Duke Energy Field Services, LLC, or DEFS, sold its subsidiary Texas Eastern Products Pipeline Company, LLC for approximately $1.1 billion, and Duke Energy agreed to transfer a 19.7% interest in DEFS to ConocoPhillips for consideration of approximately $1.1 billion, which transaction is expected to close in the third quarter of 2005.

An important goal of Duke Energy's restructuring efforts is to position DENA to be a successful merchant operator. In this regard, Duke Energy has considered various options to create a sustainable business model for DENA, including consideration of business combinations with third parties. Duke Energy considered criteria for a sustainable business model for DENA to include fuel and customer diversity and sufficient size and scope for a substantial market presence to enable DENA to withstand the cyclical nature of its industry.

Duke Energy believes that its progress with respect to the asset sales described above resulted in a company better positioned to pursue growth strategies. The board of directors and management of Duke Energy regularly evaluate options for achieving long-term strategic goals and enhancing shareholder value, and Duke Energy began reviewing potential opportunities for business combinations within the utility industry with increased focus in mid-2004.

Likewise, from time to time, the board of directors and management of Cinergy examine possible strategic opportunities in an effort to assure that the company is well positioned for future growth in light of industry developments. In this regard, in the course of a telephone conversation in late September 2004 regarding unrelated matters, James E. Rogers, Chairman and Chief Executive Officer of Cinergy, suggested to Paul M. Anderson, Chairman and Chief Executive Officer of Duke Energy, that the two companies might consider the possibility of a joint venture involving DENA or a similar strategic transaction involving the two companies. Mr. Rogers discussed the possibility of such a transaction involving Cinergy and Duke Energy with the Cinergy board of directors as part of his overall review of possible strategic opportunities at the Cinergy board retreat on October 1, 2004. On October 26, 2004, at a regularly scheduled meeting of the Duke Energy board of directors, Mr. Anderson provided a brief review of companies that had expressed an interest in potential business combinations with Duke Energy, including a review of Cinergy's interest in a potential transaction involving DENA.

In early November 2004, Mr. Rogers and one other Cinergy executive and Mr. Anderson and one other Duke Energy executive met in person in Charlotte, North Carolina to discuss further the possibility of a transaction involving Cinergy and DENA, as well as to discuss whether there were other possible mutually beneficial strategic opportunities for the two companies. During this meeting, the parties discussed a merger of the two companies as one possible alternative. On November 10, 2004, Duke Energy and Cinergy entered into a confidentiality agreement covering the discussions between the companies and any material that might be exchanged by the parties. During the next month, Mr. Rogers and Mr. Anderson met one time and spoke by telephone on one additional occasion to discuss a business combination involving the entirety of the two companies. In addition, an executive officer of Duke Energy and an executive officer of Cinergy spoke by telephone on two occasions to discuss a potential transaction. On December 9, 2004, Mr. Rogers updated the Cinergy board of directors on matters relating to discussions with Duke Energy, as well as other possible strategic opportunities. On December 16, 2004, at a regularly scheduled meeting of the Duke Energy board of directors, Mr. Anderson reviewed the discussions with Mr. Rogers and other Cinergy executives and

provided a general review of Cinergy as a potential partner for a business combination. Mr. Anderson discussed other potential candidates for a business combination with Duke Energy at the meeting.

During December 2004, Duke Energy and Cinergy began to exchange confidential financial information, including at a meeting between executives of Duke Energy and Cinergy in McLean, Virginia on December 21, 2004. This information included a high level overview of each company's businesses and projected financial information, including, among other things, Duke Energy's most recent ratings agency presentation and related supplemental financial information.

On January 7, 2005, executives of each of Duke Energy and Cinergy met in Atlanta, Georgia to discuss, among other things, an overview of DENA and Cinergy's Commercial Business Unit and the combination of their operations in the context of a business combination involving the entirety of the two companies.

On January 11, 2005, Mr. Rogers and Mr. Anderson discussed proceeding with the exploration of a potential business combination. This call was followed by a meeting on January 17, 2005 in North Carolina involving Mr. Rogers, Mr. Anderson and executives of each company to discuss matters relating to a possible transaction, including issues relating to DENA, required regulatory approvals and strategic opportunities.

On February 2, 2005, Mr. Rogers updated the Cinergy board of directors as to his discussions with Mr. Anderson. The Cinergy board of directors discussed the potential advantages of a combination of Cinergy and Duke Energy, including the advantages of greater scale and diversification with respect to operations, fuel sources and regulated franchises. Mr. Rogers emphasized that discussions with respect to any transaction were in their very early stages. Mr. Rogers said that he expected to hear from Duke Energy with respect to its level of interest following the Duke Energy board meeting to be held on February 22, 2005.

On February 22, 2005, at a regularly scheduled meeting of the Duke Energy board of directors, members of Duke Energy's senior management presented a preliminary analysis of a potential business combination between Duke Energy and several potential partners, including Cinergy. In addition, the Duke Energy board of directors reviewed and discussed a preliminary indication of interest that Duke Energy had received from a third-party regarding a potential business combination, and determined not to pursue a business combination with such third-party. At this meeting, Mr. Anderson also introduced other strategic alternatives for Duke Energy, including exploring the possibility of the separation of the electric and gas business.

On February 24, 2005, an executive of Duke Energy spoke with an executive of Cinergy and indicated that Duke Energy was interested in continuing to pursue the possibility of a transaction. From the end of February through the middle of March, executives of the two companies (including on one occasion Mr. Rogers and Mr. Anderson) spoke several times regarding a possible transaction.

On March 3, 2005, a senior executive of Duke Energy distributed to the Duke Energy board of directors a preliminary analysis of a potential business combination with Cinergy. This analysis included an overview of Cinergy and its business and operations, a summary of the discussions to date with Mr. Rogers and other Cinergy executives, a Cinergy presentation to analysts from January 2005, an investor presentation of Cinergy from February 2005 and various analyst reports on Cinergy and its business and operations.

On March 9, 2005, Mr. Anderson and Mr. Rogers met for dinner in Charlotte, North Carolina to continue to discuss a potential transaction. At that dinner, Mr. Anderson provided Mr. Rogers with a preliminary governance term sheet, for discussion purposes, relating only to governance matters and not economic matters in connection with a possible business combination. The preliminary governance term sheet suggested a combined board consisting of nine persons chosen from the existing Duke Board and three persons chosen from the existing Cinergy Board. It also suggested that Mr. Anderson

would serve as executive chairman of the combined company until the later of December 31, 2006 or six months after the closing, that Mr. Rogers would be Chief Executive Officer, and that specified executives would initially report to Mr. Anderson for a period of three months after closing. The preliminary governance term sheet also contemplated that the name of the combined company would be Duke Energy, that the corporate headquarters would be in Charlotte, North Carolina, and that the combined company's utilities would maintain their headquarters in their current locations.

On March 16, 2005, executives of the companies met with outside legal counsel in McLean, Virginia to begin discussion of the state and federal regulatory approvals that would be required in connection with any transaction. The companies also discussed the need for Duke Energy to adopt a holding company structure under PUHCA. Between March 16th and March 24th, several telephone calls among executives of the two companies took place (including on one occasion a telephone call between Mr. Rogers and Mr. Anderson) with respect to a possible transaction. On March 24, 2005, Mr. Anderson met for dinner in Cincinnati, Ohio, with Mr. Rogers and three other members of the Cinergy board of directors for the purpose of introducing Mr. Anderson to these directors and discussing a possible merger transaction. Also on March 16, 2005, Mr. Anderson sent an email to each member of the Duke Energy board of directors briefing them on the continued discussions with Cinergy and his meetings with Mr. Rogers. Mr. Anderson also invited each member of the Duke Energy board of directors to a dinner to meet Mr. Rogers and discuss a potential business combination.

On March 28, 2005, Mr. Rogers, executives of Cinergy and representatives of Cinergy's financial advisor and outside legal counsel met in New York City with Mr. Anderson, executives of Duke Energy and representatives of Duke Energy's financial and accounting advisors and outside legal counsel in order to establish a process for continued exploration of a possible business combination involving the two companies. Also in attendance were representatives of a third-party synergy consultant that was engaged by both Duke Energy and Cinergy to assist their management in preparing an analysis of potential synergies for a potential business combination. The discussions at this meeting included a proposed due diligence schedule, a proposed process and schedule for analyzing potential synergies, a process and timeline for negotiation of a merger agreement, a process and timeline for analyzing the regulatory filings and implications of the proposed transaction and an outline of next steps to be taken in connection with the proposed transaction. Shortly after these meetings, each of the two companies made available to the other and their respective advisors access to electronic data rooms containing extensive confidential financial and other information regarding their respective businesses. Also, after these meetings, the two companies' outside legal counsel and financial advisors met to begin to discuss a possible structure for the proposed transaction.

As part of the due diligence process, executives of each company and representatives of their respective financial advisors and outside legal counsel met in Washington, D.C. on April 6 and April 7, 2005. At these meetings, members of each company's management team made presentations regarding each company's business units. Over the next several weeks, the parties continued to exchange information and engage in discussions for due diligence purposes. Also during this time period the companies' synergy consultant assisted the management of Duke Energy and Cinergy with the development of a synergies analysis related to a potential business combination of the two companies. Executives of each company met with the companies' synergy consultant, together and separately on various occasions, to discuss and participate in the creation of such analysis.

On April 8, 2005, Mr. Rogers updated the Cinergy board of directors as to the status of these discussions. Later on that day, Duke Energy's outside legal counsel sent Cinergy's outside legal counsel a first draft of a proposed merger agreement. The initial draft merger agreement did not address economic or governance terms.

On April 10, 2005, Mr. Rogers, Mr. Anderson and executives of each company met in Charlotte, North Carolina, to continue to discuss matters relating to the proposed business combination.

On April 13, 2005, Duke Energy's senior management team met in Houston, Texas. At this meeting, officers of Duke Energy presented the status and results of the due diligence review of Cinergy to date, the progress of discussions to date and potential benefits and risks of a business combination between the two companies. Representatives of UBS, financial advisor to Duke Energy, also attended such meeting and discussed the potential financial benefits and implications of a business combination transaction and a range of potential exchange ratios for Cinergy's shareholders. Duke Energy's outside counsel reviewed the federal and state regulatory approvals that would be required and the implications of Duke Energy reorganizing into a registered holding company under PUHCA. Representatives of the companies' synergy consultant presented a preliminary review of the work being performed to assist the management of Duke Energy and Cinergy in identifying synergies that could be achieved in a potential combination of the two companies.

On April 14, 2005, Mr. Rogers attended a dinner with Mr. Anderson and four other members of the Duke Energy board of directors in Charlotte, North Carolina, for the purpose of introducing Mr. Rogers to these directors and discussing a possible merger transaction. Following this dinner, Mr. Anderson provided Mr. Rogers with a revised preliminary term sheet, addressing both economic and governance matters for discussion purposes. The revised term sheet proposed an exchange ratio for the potential transaction of 1.5 shares of the new holding company common stock for each Cinergy share. With respect to governance matters, the preliminary term sheet suggested a combined company board that would consist of nine persons chosen from the existing Duke Energy board of directors and three persons chosen from the existing Cinergy board of directors. It also provided that Mr. Anderson would serve as Chairman and Chief Executive Officer of the combined company, and in the event the combined company's electric and gas operations were separated, Mr. Anderson would become the non-executive chairman of the new company holding the combined company's electric assets. The term sheet further provided that Mr. Rogers would be President and Chief Executive Officer of the combined company's electric operations and an individual to be determined would serve as the President and Chief Executive Officer of the combined company's gas operations. The preliminary term sheet also contemplated that the name of the combined company would be Duke Energy, that the corporate headquarters would be in Charlotte, North Carolina, and that the combined company's utilities would maintain their headquarters in their current locations. It also raised issues with respect to the retention of Cinergy executives for the combined company and the change of control severance payments that might be due to Cinergy executives in the event of a combination of the two companies.

On April 15, 2005, Cinergy's outside counsel sent proposed revisions to the draft merger agreement to Duke Energy's outside counsel. These proposed revisions did not address economic or governance matters.

On April 17, 2005, Mr. Rogers sent a term sheet to Mr. Anderson responding to the economic and governance matters raised by the term sheet Mr. Anderson had provided to Mr. Rogers on April 14. The term sheet sent by Mr. Rogers suggested that an exchange ratio of 1.65 Duke Energy shares for each Cinergy share would be appropriate to reflect the fundamental values of the two companies and to permit dividend neutrality for Cinergy's shareholders (i.e., keeping Cinergy's shareholders whole with respect to their current dividend). It also suggested that the combined company board should consist of ten persons chosen from the existing Duke Energy board of directors and five persons chosen from the existing Cinergy board of directors, with a possible rearrangement of the board composition in the event of a separation of the combined company's gas and electric operations. It contemplated that Mr. Anderson would serve as chairman of the combined company for a period of between one and five years, that Mr. Rogers would be the Chief Executive Officer of the combined company, and that the remaining organizational and executive structure would be mutually determined by Mr. Anderson and Mr. Rogers prior to the closing of the transaction. The term sheet also accepted that the name of the combined company would be Duke Energy and that the corporate headquarters would be located in Charlotte, North Carolina.

On April 18, 2005, Mr. Anderson attended a dinner in Cincinnati, Ohio, with Mr. Rogers and two additional members of the Cinergy board of directors for the purpose of introducing Mr. Anderson to these directors.

On April 19, 2005, Mr. Anderson sent an e-mail to the Duke Energy board of directors updating them on his meeting with Mr. Rogers and the Cinergy directors and summarizing his views on Mr. Rogers becoming the Chief Executive Officer of the combined company and inviting directors to express their views on the subject.

On April 19, 2005, representatives of Merrill Lynch, Cinergy's financial advisor, met with representatives of UBS, Duke Energy's financial advisor, at the UBS offices in New York City to discuss the relative valuations of Cinergy and Duke Energy.

On April 20, 2005, Mr. Rogers met with Mr. Anderson and several members of the Duke Energy board of directors, in Charlotte, North Carolina, prior to a meeting of the Duke Energy board of directors, for the purpose of introducing Mr. Rogers to these directors.

Later that day, the Duke Energy board of directors held a special meeting to discuss the potential transaction with Cinergy. Duke Energy's management discussed with the Duke Energy board of directors the strategic rationale for the proposed combination, the key terms and conditions of the discussions to that date, the potential financial benefits of the proposed transaction, key merger integration issues and the status and results of due diligence. Representatives of UBS presented their financial analysis of the proposed transaction and discussed the financial implications of the proposed transaction assuming various exchange ratios for Cinergy's shareholders. Representatives of Lazard also attended the meeting and discussed with the board the potential separation of the gas and electric businesses, both on a stand-alone basis and in conjunction with a potential business combination with Cinergy. Duke Energy's outside counsel also attended the meeting and reviewed the duties and obligations of directors in the context of significant transactions such as the proposed transaction with Cinergy. Duke Energy's outside counsel also reviewed the regulatory approvals that would be required to implement the transaction, the process and timing for obtaining such approvals and the implications of being a registered holding company under PUHCA. Management representatives briefed the Duke Energy board of directors on the synergy analysis performed to date, including the preliminary results of potential operating synergies developed by the management of Duke Energy and Cinergy with the assistance of a third-party consultant, and their preliminary view of the expected synergies from the transaction. At this meeting, the Duke Energy board of directors authorized Duke Energy's management to continue negotiations with Cinergy regarding a potential business combination. The members of Duke Energy's management present at such meeting and the Duke Energy board of directors discussed the ways in which a merger with Cinergy might better position Duke Energy to achieve potential benefits of a separation of its gas and electric businesses, but the Duke Energy board of directors did not take any action regarding the separation of the gas and electric businesses.

On April 21, 2005, Mr. Anderson sent a further revised term sheet to Mr. Rogers. This term sheet proposed an exchange ratio of 1.55 shares of new holding company common stock for each share of Cinergy common stock. It also indicated that Duke Energy intended to raise its quarterly dividend to $1.24 per share such that Cinergy shareholders would be able to maintain dividend neutrality in the proposed transaction. The term sheet proposed that the board of the combined company would be comprised of ten persons chosen from the existing Duke Energy board of directors and four persons chosen from the existing Cinergy board of directors. It contemplated that Mr. Anderson would be Chairman of the combined company with explicit responsibility and authority for evaluating and, if appropriate, effecting the separation of gas and electric operations. The revised term sheet proposed that Mr. Anderson would remain non-executive Chairman of the combined company for a minimum of one year, that Mr. Rogers would be President and Chief Executive Officer of the combined company, and that a Duke Energy executive would be President and Chief Executive Officer of the combined

company's gas operations and would report directly to Mr. Anderson until a decision regarding separation of gas and electric operations was made. In sending this term sheet, Mr. Anderson indicated that the proposed terms were contingent on Cinergy being able to obtain commitments from members of its management team so as to limit the amount of the change in control costs pursuant to the Cinergy benefit and incentive plans and employment agreements applicable to such persons to an acceptable amount.

On April 22, 2005, Mr. Rogers and Mr. Anderson spoke to discuss the proposed transaction and agreed to speak again following the meeting of the Cinergy board of directors scheduled for April 25, 2005. Also on April 22, representatives of the two companies' outside legal counsel began to discuss issues raised by the draft merger agreement, including, among other matters, fiduciary and breakup fee provisions, covenants describing the level of commitment the parties would make in order to obtain regulatory approval, closing conditions, and the definition of material adverse change.

On April 25, 2005, the Cinergy board of directors met to discuss the proposed transaction. At this meeting, members of Cinergy management made presentations to the board of directors summarizing their due diligence analysis of Duke Energy as of that date. Also, representatives of Merrill Lynch, Cinergy's financial advisor, reviewed the financial terms of the proposed transaction based on a range of exchange ratios, and Cinergy's outside legal counsel made a presentation regarding the proposed terms of the draft merger agreement. The Cinergy board of directors authorized management to proceed with negotiations relating to a proposed business combination with Duke Energy.

Mr. Rogers sent a further revised term sheet to Mr. Anderson on April 26, 2005. That term sheet focused on governance issues, and suggested deferring further discussion on economic issues until completion of additional ongoing due diligence. The term sheet reiterated Cinergy's position that the combined company board should consist of ten persons chosen from the existing Duke Energy board of directors and five persons chosen from the existing Cinergy board of directors. It accepted Duke Energy's proposal that Mr. Anderson would be Chairman of the combined company with explicit responsibility and authority for evaluating and, if appropriate, effecting the separation of gas and electric operations, and clarified that the decision on such a separation would be a decision of the combined company's board. The term sheet also accepted Duke Energy's proposal that Mr. Anderson would remain non-executive Chairman of the combined company for a minimum of one year, but suggested that this would be subject to rearrangement in the event of a separation of the combined company's gas and electric operations. In addition, the term sheet proposed that Mr. Rogers' removal as President and Chief Executive Officer of the combined company would be subject to a supermajority vote of the combined company's board. The term sheet accepted Duke Energy's proposal that a Duke Energy executive would be President and Chief Executive Officer of the combined company's gas operations, but suggested a dual reporting relationship to Mr. Rogers and Mr. Anderson for a period of six months following closing.

On April 27, 2005, members of Duke Energy's and Cinergy's management and representatives of their respective outside legal counsel met in New York City to discuss issues raised by the draft merger agreement. These discussions focused primarily on the same issues discussed by the parties' outside legal counsel on April 22, and did not include any discussion of economic or governance terms. Also on April 27, Mr. Anderson and Mr. Rogers met in Houston, Texas to discuss the proposed transaction. This discussion included whether or not the governance provisions of the new company would include any supermajority provisions as suggested by Cinergy. Mr. Anderson indicated that Duke Energy was not willing to include such a provision. Mr. Anderson also reiterated his requirement that members of the Cinergy management team enter into waivers as necessary to limit the amount of the change in control costs pursuant to the Cinergy benefit and incentive plans and employment agreements applicable to such persons to an acceptable amount and that such management team members would otherwise be available for job opportunities in the merged company. Mr. Anderson and Mr. Rogers

spoke on April 28, 2005 and agreed to meet at Mr. Anderson's home in Pemaquid, Maine on April 30 in order to continue to seek to resolve these issues.

During this period, representatives of Cinergy spoke to representatives of Duke Energy to describe the Cinergy change of control provisions and to explain that the potential costs associated with these provisions were expected to be lower than Duke Energy's estimate. In the course of these discussions, representatives of Duke Energy clarified that Duke Energy's primary focus was on retaining members of Cinergy's senior management who might be offered positions with the combined company. For this reason, Duke Energy requested that members of Cinergy's senior management team be asked to waive provisions in their employment agreements that would otherwise entitle them to severance if they were required to move from Cincinnati, Ohio to Charlotte, North Carolina. Mr. Rogers had already indicated to Mr. Anderson that he was willing to enter into such a waiver in connection with his employment as President and Chief Executive Officer of the combined company.

At the meeting in Pemaquid, Maine on April 30, 2005 and on a call on May 1, 2005, Mr. Rogers and Mr. Anderson continued to discuss these issues. Mr. Anderson requested that Mr. Rogers advise him of Cinergy's plan with respect to Cinergy's change in control provisions by Monday, May 2. Also on April 30, 2005, representatives of Duke Energy sent a revised draft of the merger agreement to Cinergy, reflecting changes resulting from the discussions of the merger agreement on April 27.

On May 2, 2005, Mr. Rogers sent Mr. Anderson a detailed analysis of Cinergy's change in control provisions, indicating that the costs resulting from the change in control arising from the proposed transaction were expected to be substantially lower than Duke Energy's estimate. It also reflected Mr. Rogers' agreement that, at the time of execution of the merger agreement, his employment agreement would be amended to supersede the "double trigger" provisions of his existing agreement. Mr. Rogers also told Mr. Anderson that he believed that most of the Cinergy executives who would likely be required to relocate to Charlotte if they were offered equivalent positions with the combined company would be willing to amend their employment agreements so that such relocation would not trigger change in control severance benefits. These amendments would also provide that a change in title would not permit those executives to trigger severance benefits, so long as there was no reduction in their responsibilities, authority and reporting relationships. In addition, as part of these amendments, a new provision would be added so that if Mr. Rogers ceased to continue to serve as Chief Executive Officer of the combined company within two years following the closing (other than as a result of the death, disability or termination for cause of Mr. Rogers or Mr. Rogers' voluntary resignation without good reason under his employment agreement), other Cinergy executives who had accepted positions with the combined company would be entitled to trigger their severance benefits at that time. In addition to these proposals with respect to change in control costs, the materials that Mr. Rogers sent to Mr. Anderson suggested alternatives to the supermajority provisions that had previously been discussed. These materials also proposed that senior officers of the new company would be mutually selected by the two companies' Chief Executive Officers, but that in the event the two were divided over any given candidate, Mr. Rogers would have the right to make a final selection.

Mr. Rogers and Mr. Anderson spoke by phone on the evening of May 2 and on May 3, 2005. Mr. Anderson stated that he wanted more certainty as to the identity of the executives who would enter into the proposed employment agreement amendments. In a written response on May 3, Mr. Anderson also stated that Duke Energy would not agree to any of the alternatives to supermajority provisions suggested by Mr. Rogers. The response accepted Cinergy's proposal with respect to selection of other senior officers, subject to approval by the combined company board of the slate of senior officers. With respect to the requested employment agreement amendments, Mr. Anderson said that Duke Energy requested a waiver for relocation to Houston, Texas as well as to Charlotte.

On May 4, 2005, Mr. Rogers advised Mr. Anderson by phone that Cinergy would accept Duke Energy's position with respect to the absence of any supermajority or any similar governance provisions

regarding possible removal of Mr. Rogers as Chief Executive Officer of the merged company. He also said that he would advise Mr. Anderson as promptly as he could as to the specific Cinergy executives who would be prepared to enter into the employment agreement amendments. In subsequent calls on May 4, 2005, representatives of Cinergy indicated to representatives of Duke Energy that they would also need to have a final negotiation of the exchange ratio for the transaction. The representatives of Duke Energy responded that Duke Energy's proposal of 1.55 shares of Duke Energy Holding common stock for each share of Cinergy common stock was firm. Cinergy's representatives responded that Cinergy would require an increase from that proposal.

On the evening of May 4, 2005, Mr. Anderson and one other member of the Duke Energy board of directors had dinner in Cincinnati, Ohio, with Mr. Rogers and most of the other members of the Cinergy board of directors. The open issues regarding price and other matters were not discussed at this meeting. At a meeting of the Cinergy board of directors on May 5, the Cinergy directors were updated on the status of the discussions with Duke Energy. Members of management and representatives of Duke Energy and Cinergy also spoke with respect to these matters on May 3 and May 4, 2005.

On the evening of May 5, 2005 and on May 6, 2005, executives of each of Duke Energy and Cinergy and representatives of their respective financial advisors and outside legal counsel met in New York City to discuss the remaining open issues relating to the merger agreement, as well as the proposed employment agreement amendments to be executed by Cinergy senior executives. In addition, representatives of Duke Energy discussed a proposed term sheet amendment to Mr. Rogers' employment agreement with Mr. Rogers' personal legal counsel and with Cinergy's outside legal counsel.

Later on May 6, 2005, Mr. Rogers and Mr. Anderson spoke by phone, at which time Mr. Anderson stated that he would be willing to raise the proposed exchange ratio to 1.56 shares of Duke Energy Holding common stock for each share of Cinergy common stock. Mr. Rogers responded that he would be willing to recommend an exchange ratio of 1.58 to the Cinergy board of directors, but Mr. Anderson said that Duke Energy would be unwilling to make any further increase in the exchange ratio from 1.56. On the morning of May 7, representatives of Duke Energy sent a revised merger agreement to Cinergy.

On May 7, 2005, the Cinergy board of directors met to consider the proposed transaction. At this meeting, members of Cinergy management made presentations to the Cinergy board of directors regarding the proposed transaction, and summarized their updated due diligence analysis regarding Duke Energy. Representatives of Merrill Lynch, Cinergy's financial advisor, reviewed the financial terms of the proposed transaction using a range of exchange ratios. The representatives of Merrill Lynch indicated that, although Cinergy was continuing to seek an increase in this proposed exchange ratio of 1.56, Merrill Lynch would be prepared to deliver to the Cinergy board of directors its opinion as to the fairness of the proposed 1.56 exchange ratio or at any higher exchange ratio, subject to review of definitive terms. Cinergy's outside legal counsel made a presentation regarding the proposed terms of the merger agreement, the proposed changes to the employment agreements of Mr. Rogers and other members of senior management and the interests of Mr. Rogers and other Cinergy executives arising from a transaction that would be characterized as a change in control under Cinergy's benefit and incentive plans and the executives' employment agreements. Following these presentations and discussion of the proposed transaction, the Cinergy board of directors requested that Mr. Rogers continue to seek an increase in the proposed exchange ratio, and agreed to convene by telephone the next morning to make a final decision on the proposed transaction. Following the Cinergy board meeting, Mr. Rogers spoke with Mr. Anderson and said that the Cinergy board of directors requested an increase in Duke Energy's proposed exchange ratio. Mr. Anderson replied that Duke Energy's proposed exchange ratio of 1.56 was final and would not be increased.

On the afternoon of May 7, 2005, at a special meeting, the Duke Energy board of directors met in person in Charlotte, North Carolina to discuss the merger agreement, the mergers and the proposed terms and conditions of the term sheet to Mr. Rogers' employment agreement with the combined company. At this meeting, Duke Energy's management presented reports to the Duke Energy board of directors supplementing the reports made at the special meeting held on April 20, 2005, and reviewed with the Duke Energy board of directors the status of due diligence, an update on the synergies analysis, the resolution of change in control costs associated with Cinergy's senior management, and regulatory approvals required for the transaction.

Duke Energy's general counsel, with assistance from Duke Energy's outside counsel, led the Duke Energy board of directors through a detailed review of the terms and conditions of the merger agreement, amendments to the employment agreements of certain executive officers of Cinergy and the terms and conditions of the term sheet with respect to Mr. Rogers' employment agreement with the combined company. In addition, Duke Energy's financial advisor, UBS, and Lazard, who was engaged to provide a financial opinion with respect to the proposed mergers, discussed the proposed mergers and rendered opinions to the effect that, as of such date and subject to the assumptions made, matters considered and qualifications and limitations on the review undertaken set forth in their respective opinions, the exchange ratio of 1.56 shares of Duke Energy Holding common stock for each share of Cinergy common stock in the Cinergy merger was fair from a financial point of view to Duke Energy. See "—Fairness Opinions Presented to the Duke Energy Board of Directors" beginning on page 68. The members of the Duke Energy board of directors considered and discussed the various presentations made at the meeting and at prior meetings. After considering these matters, the Duke Energy board of directors unanimously approved the proposed transaction and authorized Duke Energy's management to conclude negotiations and execute the merger agreement on the terms described to the Duke Energy board of directors.

Mr. Anderson called Mr. Rogers at the conclusion of the Duke Energy board meeting and indicated that the Duke Energy board of directors had approved the transaction, but had not approved an exchange ratio higher than 1.56. Mr. Rogers indicated at the conclusion of the call that he was prepared to recommend to the Cinergy board of directors that they approve the merger at that exchange ratio. Later that day, representatives of Cinergy sent a revised draft of the merger agreement to Duke Energy.

At a meeting of the Cinergy board of directors on May 8, 2005, Mr. Rogers advised the Cinergy board of directors that Duke Energy was unwilling to increase the proposed exchange ratio. At that meeting, representatives of Merrill Lynch delivered to the Cinergy board of directors its opinion to the effect that, as of that date and based upon the assumptions made, matters considered and limits of review set forth in its opinion, the exchange ratio of 1.56 pursuant to the Cinergy merger was fair, from a financial point of view, to the holders of Cinergy common stock. See "—Opinion of Cinergy's Financial Advisor" beginning on page 91. Following further discussion, the Cinergy board of directors unanimously approved the proposed transaction and authorized management to conclude negotiations and execute the merger agreement on the terms described to the Cinergy board of directors. Members of management and representatives of Duke Energy and Cinergy met in New York City for the balance of the day to finalize the merger agreement. Representatives of Duke Energy also worked with Mr. Rogers' legal counsel to finalize the term sheet amending Mr. Rogers' employment agreement. In addition, representatives of Cinergy advised representatives of Duke Energy that subject to execution of the merger agreement, ten members of Cinergy's senior management had executed the employment agreement amendments requested by Duke Energy, of whom two identified by Duke Energy had included a provision that relocation to Houston, Texas, as well as Charlotte, North Carolina, would not permit the executive to trigger severance benefits so long as the executive was offered an equivalent position with the combined company.

After the merger agreement was finalized, Duke Energy and Cinergy executed the merger agreement on the evening of May 8, 2005. In addition, Duke Energy, Cinergy and Mr. Rogers executed the term sheet to amend Mr. Rogers' employment agreement, and Cinergy delivered to Duke Energy the employment agreement amendments executed by the ten other Cinergy executives. The execution of the merger agreement was publicly announced on the morning of May 9, 2005.

Duke Energy's Reasons for the Mergers and Recommendation of Duke Energy's Board of Directors

The Duke Energy board of directors has unanimously approved the merger agreement, has unanimously determined that the merger agreement and the transactions contemplated thereby, including the mergers, are advisable, fair to and in the best interests of Duke Energy and the holders of Duke Energy common stock, and unanimously recommends that Duke Energy shareholders vote FOR the proposal to approve the merger agreement.

In reaching its determination to recommend the approval of the merger agreement and the mergers, the Duke Energy board of directors consulted with management, as well as UBS Investment Bank, Duke Energy's financial advisor, and Lazard, who was engaged to provide a financial opinion to the Duke Energy board with respect to the mergers, and Duke Energy's internal and outside legal counsel, and considered various material factors, which are discussed below. The following discussion of the information and factors considered by the Duke Energy board of directors is not intended to be exhaustive. In view of the wide variety of factors considered in connection with the mergers, the Duke Energy board of directors did not consider it practicable to, nor did it attempt to, quantify or otherwise assign relative weights to the specific material factors it considered in reaching its decision. In addition, individual members of the Duke Energy board of directors may have given different weight to different factors. The Duke Energy board of directors considered this information and these factors as a whole, and overall considered the relevant information and factors to be favorable to, and in support of, its determinations and recommendations. Among the material information and factors considered by the Duke Energy board of directors were the following:

- *Strategic Considerations*. The Duke Energy board of directors considered a number of factors pertaining to the strategic rationale for the mergers, including the following:
  - ***Increased Scale and Scope with Stand-alone Strength***. The Duke Energy board of directors considered that the mergers will create one of the largest integrated utility companies in the United States with assets of over $70 billion calculated on a pro forma historical basis. The electric and gas businesses of the combined company will have stand-alone scale. Based on implied market capitalization, the electric business would be one of the top five in the United States. The gas business, which is comprised primarily of Duke Energy's gas operations, would continue to be the largest in North America. The Duke Energy board of directors considered that the increased scale and diversity of the combined company's operations are expected to provide additional financial stability. Furthermore, the additional scale of both the electric and gas businesses may provide additional options for future potential strategic alternatives.
  - ***Stronger Utility Business Platform***. The Duke Energy board of directors considered that the mergers will create a combined company with greater diversification of regulatory regimes and more balance in its electric business. By extending its operations across more states, the mergers will diversify Duke Energy's regulatory risk by subjecting the combined company's utility operations to the jurisdiction of multiple state regulators rather than only North Carolina and South Carolina. The combined company will own a stronger portfolio of utility businesses with 3.7 million retail electric customers and 1.7 million retail gas customers in North Carolina, South Carolina, Ontario, Canada, Ohio, Kentucky and Indiana. The retail electric businesses will have more than 25,000 megawatts of generation and broad operational and regulatory experience. The Duke Energy board of directors considered that

the mergers will result in a greater contribution of more stable, regulated earnings from the regulated businesses of the combined company.

- ***Stronger Merchant Power Business.*** With more than 16,000 megawatts of unregulated generation, the Duke Energy board of directors believed that the combined merchant power operation will benefit from increased fuel and market diversity. The Duke Energy board of directors also considered that Cinergy's coal-fired generation in the midwest would complement Duke Energy's gas-fired generation in that region.
- ***Shared Vision.*** The Duke Energy board of directors considered that Duke Energy and Cinergy share a common vision of the future of consolidation in the utility sector and the present and future effect of deregulation on energy companies. Duke Energy believes this shared vision will better enable the combined company to effectively implement its business plan following consummation of the mergers.
- ***Complementary Positions in the Midwest.*** The Duke Energy board of directors considered that the combined company will have a more balanced portfolio in midwestern power markets, reflecting the net short position at CG&E and the net long position at DENA.
- ***Combined Expertise.*** The Duke Energy board of directors considered that the mergers will combine complementary areas of expertise, particularly among senior management of each company. The combined company is expected to be able to draw upon the intellectual capital, technical expertise, and experience of a deeper, more diverse workforce.
- ***Common Regulatory Framework.*** The Duke Energy board of directors considered that the regulatory frameworks applicable to the combined companies' franchised service areas are generally favorable, diversify regulatory risk as identified above, and provide additional scale for the two companies' expertise in dealing with the complexities of regulation and the interplay of regulation and deregulation at state and federal levels.
- ***Impact on Customers.*** The Duke Energy board of directors considered that the mergers would have a favorable impact on Duke Energy's customers. Specifically, the mergers should benefit customers through operating efficiencies and strengthened reliability. The combined company will also benefit from each company's commitment to customer service.
- ***Customer Diversity.*** The Duke Energy board of directors considered that the mergers would result in regulated and non-regulated operations with greater customer diversity resulting in reduced sensitivity to short-term business volatility arising from economic, weather or other factors.

- *Significant Cost Savings and Synergies.* The Duke Energy board of directors considered that the combined company will offer both strategic and financial advantages in serving the energy marketplace. Not including implementation costs, the combination will generate approximately $400 million in annual gross synergies—when fully realized in year three—from corporate activities, regulated utilities and non-regulated marketing, trading and generation businesses. These cost savings will result from elimination of duplicate spending and overlapping functions, improved sourcing strategies, avoidance of planned expenditures and the consolidation of non-regulated business unit operations. The Duke Energy board of directors noted that expected cost savings and synergies are estimates, that they may change and that achieving the expected cost savings and synergies is subject to a number of risks and uncertainties.
- *Share Price; Tax Free Exchange.* The Duke Energy board of directors took note of the historical stock prices of Duke Energy and Cinergy, including that the exchange ratio for Cinergy's shareholders represented a 13.4% premium over the closing price of Cinergy's common stock on May 6, 2005. The Duke Energy board of directors also took into account the fact that the mergers are intended to be tax-free to the holders of Duke Energy common stock.

- *Financial Considerations.* The Duke Energy board of directors considered the earnings, cash flow, balance sheet and dividend impact of the mergers. The Duke Energy board of directors also considered historical financial performance of Cinergy as well as historical stock market information. The Duke Energy board of directors noted that the mergers are expected to be accretive to earnings per share after factoring in synergies and ignoring the one time costs related to the mergers. The Duke Energy board of directors further considered the impact on cash flow resulting from a combination and also noted the impact on the balance sheet. The Duke Energy board of directors further considered that Duke Energy's annual dividend would be increased in connection with the transaction to $1.24, an increase of 12.7% over the then-current annual dividend paid by Duke Energy to its shareholders.
- *Impact on Credit Profile.* The Duke Energy board of directors considered certain selected credit metrics of the combined company on a pro forma basis as compared to those of Duke Energy on a stand-alone basis. The Duke Energy board of directors noted that there was not a material change in the consolidated metrics relative to the projected stand-alone metrics and therefore did not expect a change in the credit profile of the combined company.
- *Impact of the Mergers on Communities.* The Duke Energy board of directors evaluated the expected impact of the mergers on the communities in which Duke Energy and Cinergy are located and which they serve. In particular, the Duke Energy board of directors believes the mergers will benefit the municipalities served by the combined company by creating a strong combined company able to provide more reliable service with operating headquarters in Charlotte, Cincinnati, Houston, Denver, Plainfield (Indiana) and Chatham (Ontario). In addition, the companies expect to maintain their substantial presence in the cities and communities they serve including significant charitable contributions.
- *Fairness Opinions Presented to the Duke Energy Board of Directors.* The Duke Energy board of directors considered the financial analyses of UBS presented to the Duke Energy board of directors on May 7, 2005 and the opinion of UBS delivered to the Duke Energy board of directors that, as of May 7, 2005, and based upon and subject to the various factors, assumptions, limitations and qualifications set forth in such opinion, the exchange ratio of 1.56 shares of Duke Energy Holding common stock for each share of Cinergy common stock in the Cinergy merger was fair, from a financial point of view, to Duke Energy (the full text of the opinion setting forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such opinion is attached as Annex B to this joint proxy statement/prospectus). See "—Fairness Opinions Presented to the Duke Energy Board of Directors" beginning on page 68. The Duke board of directors also considered the financial analyses of Lazard with respect to the mergers, presented to the Duke Energy board of directors on May 7, 2005 and the opinion of Lazard delivered to the Duke Energy board of directors that, as of the date of such opinion, and based upon and subject to the various factors, assumptions, limitations and qualifications set forth in such opinion, the exchange ratio of 1.56 shares of Duke Energy Holding common stock for each share of Cinergy common stock was fair, from a financial point of view, to Duke Energy (the full text of the opinion setting forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such opinion is attached as Annex C to this joint proxy statement/prospectus). See "—Opinion of Lazard Frères & Co. LLC" beginning of page 76.
- *Recommendation of Management.* The Duke Energy board of directors considered management's recommendation in support of the mergers.
- *Terms of the Merger Agreement.* The Duke Energy board of directors reviewed the terms of the merger agreement, including the representations and warranties, obligations and rights of the parties under the merger agreement, the conditions to each party's obligation to complete the mergers, the instances in which each party is permitted to terminate the merger agreement and

the related termination fees payable by each party in the event of termination of the merger agreement under specified circumstances. See "The Merger Agreement" beginning on page 128 for a detailed discussion of the terms and conditions of the merger agreement.

- *Due Diligence.* The Duke Energy board of directors considered the scope of the due diligence investigation conducted by management and Duke Energy's outside advisors and evaluated the results thereof.
- *Corporate Governance.* The Duke Energy board of directors considered the corporate governance provisions of the proposed certificate of incorporation and by-laws of Duke Energy Holding and that the Duke Energy Holding board of directors would be composed of ten former Duke directors and five former Cinergy directors upon closing of the mergers.
- *Employment Matters.* The Duke Energy board of directors considered the provisions of the term sheet governing Mr. Rogers' proposed amendment to his employment agreement with Duke Energy Holding and the amendments to employment agreements that approximately ten Cinergy executives had committed to sign. The Duke Energy board of directors also considered the methodology for selecting the 25 most senior officers of Duke Energy Holding.
- *Continuation of Duke Energy Name and Headquarters.* The Duke Energy board of directors considered that Duke Energy Holding would be renamed Duke Energy Corporation upon closing of the mergers and that the headquarters of the combined company would be in Charlotte, North Carolina. The Duke Energy board of directors also considered that the merger agreement provided that each company's utility headquarters would remain in their present locations.

The Duke Energy board of directors also considered the potential risks of the mergers, including the following:

- *Fixed Exchange Ratio.* The Duke Energy board of directors considered that the fixed exchange ratio would not adjust downwards to compensate for declines in the price of Cinergy common stock prior to the closing of the mergers, and that the terms of the merger agreement did not include termination rights triggered expressly by a decrease in value of Cinergy due to a decline in the market price of Cinergy's common stock. The Duke Energy board of directors determined that this structure was appropriate and the risk acceptable in view of: the Duke Energy board of directors' focus on the relative intrinsic values and financial performance of Duke and Cinergy and the percentage of the combined company to be owned by former holders of Duke Energy common stock; and the inclusion in the merger agreement of other structural protections such as the ability to terminate the merger agreement in the event of a material adverse change in Cinergy's business.
- *Cinergy Business Risks.* The Duke Energy board of directors considered certain risks inherent in Cinergy's business and operations, including risks relating to future rates and returns associated with Cinergy's regulated business operations, Cinergy's Commercial Business Unit and Cinergy's environmental and other contingent liabilities. Based on reports of management and outside advisors regarding the due diligence process, the Duke Energy board of directors believed that these risks were manageable as part of the ongoing business of the combined company.
- *Regulatory Approvals.* The Duke Energy board of directors considered the extensive regulatory approvals required to complete the mergers and the risk that governmental authorities and third parties might seek to impose unfavorable terms or conditions on the required approvals or that such approvals may not be obtained at all. The Duke Energy board of directors further considered the potential length of the regulatory approval process and the period of time Duke Energy may be subject to the merger agreement.

- *Regulation under PUHCA.* The Duke Energy board of directors considered that the transaction would require Duke Energy to register as a holding company and become subject to regulation under PUHCA. The Duke Energy board of directors considered the increased costs, risks and modifications in Duke's operations inherent in complying with PUHCA and the restrictions and limitations PUHCA may impose on Duke Energy's retention of certain non-utility assets.
- *Restrictions on Interim Operations.* The Duke Energy board of directors considered the provisions of the merger agreement placing restrictions on Duke Energy's operations until completion of the mergers, and the extent of those restrictions as negotiated between the parties.
- *Termination Fee.* The Duke Energy board of directors considered the risk of the provisions of the merger agreement relating to the potential payment of a termination fee of $500 million or expenses of $35 million to Cinergy under certain circumstances. See "The Merger Agreement" beginning on page 128 for further information.
- *Integration.* The Duke Energy board of directors evaluated the challenges inherent in the combination of two business enterprises of the size and scope of Duke and Cinergy, including the possibility the anticipated cost savings and synergies and other benefits sought to be obtained from the mergers might not be achieved in the time frame contemplated or at all.
- *Personnel.* The Duke Energy board of directors considered the adverse impact that business uncertainty pending completion of the mergers could have on the ability to attract, retain and motivate key personnel until the mergers are completed. The Duke Energy board of directors also considered the level and impact of job reductions as a result of transaction related synergies.

The Duke Energy board of directors believed that, overall, the potential benefits of the mergers to Duke Energy and Duke Energy's shareholders outweighed the risks, many of which are mentioned above.

The Duke Energy board of directors realized that there can be no assurance about future results, including results considered or expected as described in the factors listed above. It should be noted that this explanation of Duke Energy board of directors' reasoning and all other information presented in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "Forward-Looking Statements."

Fairness Opinions Presented to the Duke Energy Board of Directors

Opinion of UBS Securities LLC

UBS acted as financial advisor to the board of directors of Duke Energy in connection with the mergers and evaluated the fairness to Duke Energy, from a financial point of view, of the Cinergy exchange ratio in the mergers. Duke Energy's board of directors selected UBS as its financial advisor in connection with the mergers because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions. UBS rendered its opinion to the Duke Energy board of directors that, as of May 7, 2005, and based on and subject to various assumptions made, procedures followed, matters considered and limitations described in the opinion, the Cinergy exchange ratio in the Cinergy merger was fair, from a financial point of view, to Duke Energy.

The full text of UBS' opinion, dated as of May 7, 2005, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS, is attached as Annex B and is incorporated by reference into this document. UBS' opinion is directed only to the fairness to Duke Energy, from a financial point of view, of the exchange ratio in the mergers, and does not address any other aspect of the mergers. Holders of Duke Energy common stock are urged to read this opinion carefully and in its entirety. This summary is qualified in its

entirety by reference to the full text of the opinion attached as Annex B to this joint proxy statement/ prospectus.

UBS' opinion did not address Duke Energy's underlying business decision to effect the mergers, nor did it constitute a recommendation to any shareholder of Duke Energy as to how such shareholder should vote or act with respect to the mergers or any other matter. At the direction of the Duke Energy board of directors, UBS was neither asked to, nor did it, offer any opinion as to the material terms of the merger agreement or the form of the mergers. UBS expressed no opinion as to what the value of Duke Energy Holding common stock will be when issued pursuant to the merger agreement or the prices at which Duke Energy common stock, Cinergy common stock or Duke Energy Holding common stock will trade in the future. In rendering its opinion, UBS assumed, with the consent of the Duke Energy board of directors, that the final executed form of the merger agreement did not differ in any material respect from the draft dated May 7, 2005 that UBS examined and that Duke Energy and Cinergy will comply with all the material terms of the merger agreement (without waiver, modification or amendment in any material respect).

In arriving at its opinion, UBS, among other things:

- reviewed certain publicly available business and historical financial information relating to Duke Energy and Cinergy;
- reviewed certain internal financial information and other data relating to the business and financial prospects of Duke Energy, including estimates and financial forecasts prepared by management of Duke Energy, that were provided to UBS by Duke Energy and were not publicly available;
- reviewed certain internal financial information and other data relating to the business and financial prospects of Cinergy, including estimates and financial forecasts prepared by management of Cinergy as adjusted by management of Duke Energy, that were provided to UBS and were not publicly available;
- reviewed certain estimates of cost savings and synergies expected to result from the mergers and related expenses as prepared by Duke Energy management and furnished to UBS by Duke Energy (Synergies);
- conducted discussions with members of the senior managements of Duke Energy and Cinergy concerning the businesses and financial prospects of Duke Energy and Cinergy and the Synergies;
- reviewed publicly available financial and stock market data with respect to certain other companies in lines of business UBS believed to be generally comparable to those of Duke Energy and Cinergy;
- compared the financial terms of the mergers with the publicly available financial terms of certain other transactions which UBS believed to be generally relevant;
- considered certain pro forma effects of the mergers on Duke Energy's and Duke Energy Holding's financial statements;
- reviewed a draft of the merger agreement dated May 7, 2005; and
- conducted such other financial studies, analyses and investigations, and considered such other information, as UBS deemed necessary or appropriate.

In connection with its review, with the consent of the Duke Energy board of directors, UBS did not assume any responsibility for independent verification of any of the information reviewed by UBS for the purpose of its opinion and relied on such information being complete and accurate in all material respects. In addition, with the consent of the Duke Energy board of directors, UBS did not

make any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of Duke Energy or Cinergy, nor was it furnished with any such evaluation or appraisal. With respect to the financial forecasts, estimates, pro forma effects and Synergies referred to above, UBS assumed, at the direction of the Duke Energy board of directors, that they had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Duke Energy. In addition, at the direction of the Duke Energy board of directors, UBS assumed that the future financial results referred to above will be achieved and the Synergies referred to above will be realized at the times and in the amounts projected by Duke Energy management. UBS assumed, with the consent of the Duke Energy board of directors, that the mergers will qualify as a tax-free reorganization for U.S. federal income tax purposes. UBS also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the transactions contemplated by the merger agreement would be obtained without any material adverse effect on Duke Energy, Cinergy, Duke Energy Holding and/or the mergers. UBS' opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to UBS as of, May 7, 2005.

UBS and its affiliates, as part of their investment banking and financial advisory business, are continuously engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and other transactions as well as for estate, corporate and other purposes.

In the past, UBS and its predecessors have provided investment banking services to Duke Energy and Cinergy and received customary compensation for the rendering of such services. In 2003, 2004 and 2005, Duke Energy paid to UBS an aggregate of approximately $5.6 million in fees for such investment banking services and reimbursed UBS for any expenses it incurred. As of May 7, 2005, UBS was a lender to Cinergy in two outstanding credit facilities and was providing financial advisory services to Cinergy unrelated to the mergers. In the ordinary course of business, UBS and its successors and affiliates may trade and have traded securities of Duke Energy or Cinergy for their own accounts and the accounts of their customers, and, accordingly, may at any time hold long or short positions in such securities.

Pursuant to a letter agreement dated April 19, 2005, Duke Energy engaged UBS to act as its financial advisor in connection with the contemplated transaction. Pursuant to the terms of this engagement letter, Duke Energy paid UBS an opinion/announcement fee of $4,500,000 which became payable upon the public announcement of the execution of the merger agreement. Duke Energy has also agreed to pay UBS a shareholder approval fee of $4,500,000 upon the approval of the mergers by both Duke Energy's shareholders and Cinergy's shareholders and a transaction fee of up to $7,750,000, where $3,000,000 is payable at Duke Energy's sole discretion, upon the closing of the mergers. In addition, Duke Energy has agreed to pay UBS a termination fee equal to the lesser of (i) 75% of the sum of (a) $4,750,000, (b) to the extent not already paid, the opinion/announcement fee and (c) to the extent not already paid, the shareholder approval fee, or (ii) 10% of any break-up or similar fee and expense reimbursement received by Duke Energy from Cinergy in connection with the termination of the merger agreement. Duke Energy has also agreed to reimburse UBS for its reasonable expenses, including attorneys' fees and disbursements, and to indemnify UBS and related persons against various liabilities, including certain liabilities under the federal securities laws.

Financial Analyses used by UBS

The following is a summary of the material financial analyses used by UBS in connection with rendering the opinions described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by UBS. The order of analyses described does not represent relative importance or weight given to those analyses by UBS. Some of the summaries of

the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of the financial analyses of UBS. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before May 6, 2005 and is not necessarily indicative of current market conditions.

Historical Stock Trading Analysis and Relative Trading. UBS reviewed the historical trading prices for shares of Duke Energy common stock and Cinergy common stock for the three-year period from May 6, 2002 to May 6, 2005 and the one-year period from May 6, 2004 to May 6, 2005. UBS also analyzed the historical trading ratio between Duke Energy common stock and Cinergy common stock based on the closing market share price of Cinergy common stock relative to the closing market share price of Duke Energy common stock for the one-year period from May 6, 2004 to May 6, 2005 as well as various other periods within this one-year period, and compared it to the exchange ratio of 1.56 Duke Energy Holding common shares to be paid to holders of Cinergy common stock pursuant to the Merger Agreement. The results of this analysis are summarized in the following table:

	Duke Energy Common Shares per Cinergy Common Share	
Day/Period	**Trading Ratio (x)**	**Premium at 1.56 Exchange Ratio**
May 6, 2005 (current)	1.375	13.4%
10-day average	1.372	13.7
1-month average	1.386	12.6
3-month average	1.411	10.6

Selected Companies Analysis. UBS reviewed certain financial information for Duke Energy and Cinergy and compared it to corresponding financial information, ratios and public market multiples for the following selected publicly traded electric utility companies, referred to as the selected Electric Utility Companies:

- Ameren Corp.
- American Electric Power
- Dominion Resources, Inc.
- Entergy Corporation
- Exelon Corporation
- FPL Group, Inc.
- PPL Corporation
- Progress Energy
- Southern Company

In addition, UBS reviewed and compared certain financial information for Duke Energy to corresponding financial information, ratios and public market multiples for the following selected publicly traded integrated utility companies, referred to as the Integrated Utility Companies:

- Ameren Corp.
- American Electric Power
- Centerpoint Energy
- Dominion Resources, Inc.

- Entergy Corporation
- Exelon Corporation
- FPL Group, Inc.
- Nisource Inc.
- PPL Corporation
- Progress Energy
- Southern Company

Although none of the selected companies was directly comparable to Duke Energy or Cinergy, the companies included were chosen because they are companies with business and operations that, for purposes of analysis, could be considered similar to certain business and operations of Duke Energy and/or Cinergy, as the case may be.

UBS calculated various public market multiples and ratios for the selected companies based on information it obtained from SEC filings and IBES (a data service that compiles estimates issued by securities analysts) consensus estimates. UBS compared these multiples and ratios to the multiples and ratios of Duke Energy based on Duke Energy's closing stock price on May 6, 2005 and Cinergy based on Cinergy's closing stock price on May 6, 2005 and using the Cinergy exchange ratio. With respect to Duke Energy, Cinergy, the Electric Utility Companies and the Integrated Utility Companies, UBS calculated:

- the enterprise value, which is the market value of common equity, plus the book value of debt, plus the book value of minority interests, plus preferred stock, plus capital lease obligations, less cash and cash equivalents and equity in affiliates, as a multiple of LTM and estimated 2005 EBITDA (earnings before interest, taxes, depreciation and amortization);
- the equity value as a multiple of estimated 2005 and 2006 net income and book value;
- the indicated dividend yield;
- the projected ratio of dividends per share to earnings per share, or the payout ratio; and
- the net debt to capital ratio.

Historical financial results utilized by UBS for purposes of this analysis were based upon information contained in the applicable company's latest publicly available financial statements and IBES consensus estimates as of May 6, 2005. To reflect the Duke Energy Field Services, or DEFS, restructuring, the balance sheet information for Duke Energy was adjusted to reflect the DEFS restructuring transaction based on publicly available information. For the selected companies, LTM refers to the latest twelve-month period available from the most recently publicly available information as of March 31, 2005. For purposes of this analysis, the Cinergy net income was adjusted to exclude the net earnings (including the related tax credits under Section 29 of the Code partially offset by operating losses) from Cinergy's synthetic fuel production facilities, which are referred to collectively as the Cinergy synthetic fuel facility. The net earnings were excluded for valuation purposes, as the related tax credits expire at the end of 2007.

The results of these analyses are summarized in the following table:

	Enterprise Value as Multiple of:		Equity Value as Multiple of:			Indicated Dividend Yield (%)	Projected Payout Ratio (%)	Net Debt/ Capital (%)
	LTM EBITDA (x)	2005E EBITDA (x)	2005E Net Income (x)	2006E Net Income (x)	Book Value (x)			
Electric Utility Companies								
Maximum	10.4	10.4	17.1	16.2	3.4	5.6	82.7	61.6
Median	8.7	8.4	15.5	14.4	2.0	3.8	55.9	57.1
Mean	8.8	8.4	15.1	14.3	2.1	4.0	60.1	56.4
Minimum	7.6	7.1	13.5	12.4	1.4	3.0	45.0	48.9
Duke Energy	10.1	8.3	18.9	17.3	1.7	3.7	71.0	50.0
Cinergy at May 6, 2005 Market Price	9.9	8.4	15.8	14.2	1.8	4.8	75.3	51.2
Cinergy at 1.56 Exchange Ratio	10.8	9.1	18.0	16.1	2.0	4.2	75.3	51.2
Integrated Utility Companies								
Maximum	10.3	10.4	18.7	16.2	3.4	5.6	82.7	88.2
Median	8.6	8.4	15.7	14.2	2.0	3.8	57.9	57.1
Mean	8.6	8.3	15.5	14.1	2.2	3.9	60.4	58.9
Minimum	7.5	7.1	13.5	12.4	1.3	3.0	45.0	48.9
Duke Energy	10.1	8.3	18.9	17.3	1.7	3.7	71.0	50.0

Source: SEC filings, FactSet, Bloomberg

Selected Transactions Analysis. UBS analyzed certain information relating to the following selected transactions in the electric utility industry since 1999:

Date Announced	Acquiror	Target
December 2004	Exelon Corp.	Public Service Enterprise Group
July 2004	PNM Resources Inc.	TNP Enterprises Inc.
February 2004	Ameren Corp.	Illinois Power Co.
November 2003	Saguaro	Unisource Energy Corp.
November 2003	Oregon Electric Utility	Portland General Electric Co.
April 2002	Ameren Corp.	Cilcorp Inc.
February 2001	Energy East Corp.	RGS Energy Group Inc.
February 2001	Potomac Electric Power Co.	Conectiv
September 2000	National Grid Transco PLC	Niagara Mohawk Holdings Inc.
August 2000	FirstEnergy Corp.	GPU Inc.
July 2000	AES Corp.	Ipalco Enterprises Inc.
February 2000	Powergen PLC	LG&E Energy Corp.
September 1999	PECO Energy Co.	Unicom Corp.
August 1999	Carolina Power & Light	Florida Progress Corp.
June 1999	Energy East Corp.	CMP Group Inc.
June 1999	Dynegy Inc.	Illinova Corp
May 1999	Lowe Capital Partners	TNP Enterprises Inc.
March 1999	New Century Energies Inc.	Northern States Power Co.
February 1999	New England Electric System	Eastern Utilities Associates

None of the selected transactions nor the companies involved in them is directly comparable to the mergers, Duke Energy or Cinergy.

For each of the selected transactions and for the transaction contemplated by the merger agreement, UBS calculated and compared the resulting:

- enterprise value as a multiple of LTM EBITDA and forward EBITDA;
- equity value as a multiple of LTM net income, forward net income and book value; and
- offer premium to stock price one week prior to announcement of the transaction.

The following table presents the results of this analysis:

	Enterprise Value as a Multiple of:		Equity Value as a Multiple of:			Offer Premium to Stock Price 1 Week Prior (%)
	LTM EBITDA (x)	Forward EBITDA (x)	LTM Net Income (x)	Forward Net Income (x)	Book Value (x)	
Maximum	9.5	9.2	39.9	22.0	3.6	58.4
Mean	7.7	7.2	18.2	15.3	1.8	23.9
Median	7.7	7.5	17.2	15.5	1.7	29.8
Minimum	6.1	4.8	9.9	10.9	0.2	(8.0)
Cinergy at 1.56 Exchange Ratio	10.8	9.1	19.4	18.0	2.0	15.7

Discounted Cash Flow Analysis. UBS performed (a) a discounted cash flow analysis with respect to the equity value per share of Cinergy common stock using the financial projections provided by Cinergy management and as adjusted by Duke Energy management (the "Cinergy Base Case") for fiscal years 2006 to 2009 and (b) a discounted cash flow analysis with respect to the equity value per share of Cinergy common stock using Duke Energy management's estimates of the synergies and transaction costs resulting from the mergers for fiscal years 2006 to 2015 (the "Synergy Value"). The estimates of cost savings and synergies expected to result from the mergers and related expenses used by UBS were prepared by Duke Energy management as referred to above. UBS assumed discount rates ranging from 5.5% to 6.5%, calculated present values of the unleveraged after-tax cash flows generated over the period covered by the financial forecasts (discounting to December 31, 2005) and then added terminal values assuming multiples ranging from 8.0x to 9.0x terminal year estimated EBITDA. This analysis indicated implied equity values per Cinergy share ranging from $42.03 to $52.29, based on the Cinergy Base Case, and implied equity values of the Synergy Value per Cinergy share ranging from $10.48 to $12.19. The implied equity value per share includes $0.81 to $0.82 of value attributable to the Cinergy synthetic fuel facility (including the related tax credits under Section 29 of the Code). The implied equity values per Cinergy share were then compared to the implied offer values per Cinergy share, based on the Cinergy exchange ratio, of $45.80 per share, based on the closing price of Duke Energy common stock on May 6, 2005, $45.06 per share, based on the 10-day average closing price of Duke Energy common stock, $44.85 per share, based on the 1-month average closing price of Duke Energy common stock, and $43.49 per share, based on the 3-month average closing price of Duke Energy common stock.

Pro Forma Mergers Analysis. UBS performed an analysis of the potential pro forma financial impacts of the mergers for fiscal years 2006 and 2007 on (1) the earnings per share of Duke Energy Holding common stock, which we refer to as the Reported EPS, (2) the earnings per share of Duke Energy Holding common stock excluding the costs of the mergers that would be classified as income statement expenses for accounting purposes and the impact of the net earnings from the Cinergy synthetic fuel facility (including the related tax credits under Section 29 of the Code partially offset by operating losses), which were excluded as the related tax credits expire at the end of 2007, which we refer to as the Ongoing EPS, (3) the dividend per share of Duke Energy Holding common stock, and

(4) the dividend payout ratio of Duke Energy Holding common stock. In performing this analysis, UBS assumed, as directed by Duke Energy management, among other things, completion of the mergers as of December 31, 2005, $267 million of estimated pre-tax gross synergies in 2006 and $351 million of estimated pre-tax gross synergies in 2007, pre-tax transaction costs (including costs to achieve the Synergies) of $422 million in 2006 and $173 million in 2007, as provided by Duke Energy management, the conversion of $770 million convertible senior notes on June 1, 2007, and the foregoing of the planned share repurchases in 2006 and 2007. For purposes of this analysis, the number of diluted shares of Cinergy common stock outstanding as of March 31, 2005 was used to calculate the number of shares of Duke Energy Holding common stock that will be issued to holders of Cinergy common stock in the mergers. UBS also performed a sensitivity analysis for both the Reported EPS and Ongoing EPS in which UBS utilized IBES consensus estimates rather than management estimates. We refer to these analyses as the Reported EPS Sensitivity Case and the Ongoing EPS Sensitivity Case.

This analysis indicated that:

- the impact of the mergers on the stand-alone case of Duke Energy's projected earnings per share would be essentially breakeven for both 2006 and 2007 on an Reported EPS basis and accretive in both 2006 and 2007 on an Ongoing EPS basis;
- the impact of the mergers on the stand-alone case of Duke Energy's projected earnings per share would be accretive in both 2006 and 2007 based on the Reported EPS Sensitivity Case and the Ongoing EPS Sensitivity Case;
- for 2006 and 2007, the pro forma dividend per share of Duke Energy Holding common stock would be $1.24 compared to the stand-alone Duke Energy dividend per share of $1.10, an increase of 12.7%; and
- for 2006 and 2007, the pro forma dividend payout ratio for Duke Energy Holding common stock would be slightly increased compared to the stand-alone Duke Energy payout ratio.

Contribution Analysis. UBS reviewed historical and estimated future operating and financial information for Duke Energy, Cinergy and the combined company resulting from the mergers and conducted a contribution analysis of Duke Energy relative to the combined company. Using financial information provided by Duke Energy's management, UBS calculated the relative contributions of Duke Energy and Cinergy to the combined company's total enterprise value and equity value based on the Cinergy exchange ratio and the companies' stock prices as of May 6, 2005. UBS then calculated the relative contributions of Duke Energy and Cinergy to the combined company in terms of (1) estimated 2006 and 2007 EBITDA and (2) estimated 2006 and 2007 net income. The relative contributions of Cinergy were adjusted in each case to exclude the financial performance (including the related tax credits under Section 29 of the Code partially offset by operating losses) from the Cinergy synthetic fuel facility. The financial performance from the Cinergy synthetic fuel facility was excluded for valuation purposes, as the related tax credits expire at the end of 2007.

The following table presents the results of this analysis:

	% Contribution	
	Duke Energy	Cinergy
Enterprise Value at 1.56 Exchange Ratio	74.1%	25.9%
EBITDA		
2006	74.4	25.6
2007	73.9	26.1
Equity Value at 1.56 Exchange Ratio	75.6	24.4
Net Income		
2006	74.8	25.2
2007	74.5	25.5

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth herein, without considering the analyses as a whole, could create an incomplete view of the processes underlying the opinion of UBS. In arriving at its fairness determination, UBS considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis. Rather, UBS made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the analyses described herein as a comparison is directly comparable to Duke Energy, Cinergy or the contemplated transaction.

UBS prepared the analyses described herein for purposes of providing its opinion to the Duke Energy board of directors as to the fairness from a financial point of view to Duke Energy of the Cinergy exchange ratio in the mergers, as of the date of UBS' opinion. These analyses do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Duke Energy, UBS or any other person assumes responsibility if future results are materially different from those forecasted.

As described above, the opinion of UBS to the Duke Energy board of directors was one of many factors taken into consideration by the Duke Energy board of directors in making its determination to approve the transaction contemplated by the merger agreement. UBS was not asked to, and did not, recommend the specific consideration payable in the mergers, which consideration was determined through negotiations between Duke Energy and Cinergy. The summary contained herein does not purport to be a complete description of the analyses performed by UBS in connection with its fairness opinion and is qualified in its entirety by reference to the written opinion of UBS, attached as Annex B to this joint proxy statement/prospectus.

Opinion of Lazard Frères & Co. LLC

Lazard was retained to give a financial opinion to the Duke Energy board of directors in connection with the mergers. Duke Energy selected Lazard based on Lazard's qualifications, expertise and reputation. In connection with Lazard's engagement, Duke Energy requested that Lazard evaluate the fairness to Duke Energy, from a financial point of view, of the Cinergy exchange ratio. On May 7, 2005, at a meeting of the Duke Energy board of directors held to evaluate the mergers, Lazard rendered to Duke Energy's board of directors an oral opinion, which opinion was subsequently confirmed by delivery of a written opinion dated as of May 8, 2005, the date of the merger agreement,

to the effect that, as of that date and based on and subject to the matters described in its opinion, the Cinergy exchange ratio was fair to Duke Energy, from a financial point of view.

The full text of Lazard's written opinion, dated May 8, 2005, to the Duke Energy board of directors, which sets forth the procedures followed, assumptions made, matters considered and limitations on the review undertaken, is attached as Annex C and is incorporated by reference into this document. Holders of shares of Duke Energy common stock are urged to, and should, read this opinion carefully and in its entirety. The summary of Lazard's opinion in this document is qualified in its entirety by reference to the full text of the opinion attached as Annex C to this joint proxy statement/prospectus.

In connection with its opinion, Lazard:

- reviewed the financial terms and conditions of the merger agreement executed on May 8, 2005;
- analyzed certain publicly available historical business and financial information relating to Duke Energy and Cinergy;
- reviewed various internal financial forecasts and other data provided to Lazard by Duke Energy and Cinergy relating to their respective businesses, as well as adjustments by Duke Energy's management to the internal financial forecasts provided by Cinergy;
- held discussions with members of the senior management of Duke Energy with respect to the businesses and prospects of Duke Energy and Cinergy, the strategic objectives of each, and possible benefits (including estimates of synergies) which might be realized following the mergers;
- reviewed public information with respect to certain other companies in lines of businesses Lazard believed to be generally comparable to the businesses of Duke Energy and Cinergy;
- reviewed the financial terms of certain business combinations involving companies in lines of businesses it believed to be generally comparable to those of Duke Energy and Cinergy, and in other industries generally;
- reviewed the historical stock prices and trading volumes of Duke Energy common stock and Cinergy common stock; and
- conducted such other financial studies, analyses and investigations as it deemed appropriate.

In performing its review, Lazard relied upon the accuracy and completeness of the foregoing information, and did not assume any responsibility for any independent verification of such information or any independent valuation or appraisal of any of the assets or liabilities of Duke Energy or Cinergy, or concerning the solvency or fair value of either of the foregoing entities, and was not furnished with any such valuation or appraisal. With respect to financial forecasts, including projected synergies and other anticipated strategic, financial and operational benefits of the mergers, Lazard assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of management of Duke Energy and Cinergy as to the future financial performance of Duke Energy, Cinergy and the combined company, as the case may be, and Lazard assumed that such forecasts and projections (including synergies) will be realized in the amounts and at the times contemplated thereby. Lazard assumed no responsibility for and expressed no view as to such forecasts or the assumptions on which they were based.

Further, Lazard's opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to it as of, the date of such opinion. Lazard assumed no responsibility for updating or revising its opinion based on circumstances or events occurring after the date thereof.

In rendering its opinion, Lazard assumed that the mergers and the other transactions contemplated in the merger agreement will be consummated on the terms described in the merger agreement executed on May 8, 2005, including, among other things, that the mergers and the related transactions described in the merger agreement will be treated as a tax-free reorganization under Section 368(a) of the Code, and that the mergers will be consummated without any waiver of any material terms or conditions. In addition, Lazard assumed that obtaining the necessary regulatory and third-party approvals for the mergers and the other transactions contemplated by the merger agreement will not have an adverse effect on the combined company. Lazard did not express any opinion as to any tax or other consequences that might result from the mergers, nor did its opinion address any legal, tax, regulatory or accounting matters, as to which Lazard understands that Duke Energy obtained such advice as it deemed necessary from qualified professionals.

Lazard did not express any opinion as to the price at which shares of Duke Energy common stock or shares of Cinergy common stock may trade subsequent to the announcement of the mergers or as to the price at which shares of Duke Energy Holding common stock may trade subsequent to the consummation of the mergers.

Lazard's opinion is directed to the Duke Energy board of directors and relates only to the fairness to Duke Energy of the Cinergy exchange ratio from a financial point of view. Lazard's engagement and its opinion are for the benefit of Duke Energy's board of directors and are not on behalf of, and are not intended to confer rights or remedies upon, Cinergy, any shareholders of Duke Energy, Cinergy or the combined company, or any other person. Furthermore, Lazard's opinion does not address the merits of the underlying decision by Duke Energy to engage in the mergers or the relative merits of the mergers as compared to other business strategies that might be available to Duke Energy. Lazard expressed no opinion or recommendation as to how the shareholders of Duke Energy should vote at any shareholders meeting to be held in connection with the mergers.

In preparing its opinion to the Duke Energy board of directors, Lazard performed a variety of financial and comparative analyses, including those described below. The summary of Lazard's analyses described below is not a complete description of the analyses underlying Lazard's opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances and, therefore, is not readily susceptible to summary description. In arriving at its opinion, Lazard made qualitative judgments as to the significance and relevance of each analysis and factor that it considered. Accordingly, Lazard believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors, or focusing on information presented below in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Lazard considered industry performance, regulatory, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Duke Energy and Cinergy. No company, transaction or business used in Lazard's analyses as a comparison is identical to Duke Energy or Cinergy or the proposed mergers, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions being analyzed.

The estimates contained in Lazard's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect

the prices at which businesses or securities actually may be sold. Accordingly, Lazard's analyses and estimates are inherently subject to substantial uncertainty.

Lazard's opinion and financial analyses were only one of many factors considered by Duke Energy's board of directors in its evaluation of the proposed mergers and should not be viewed as determinative of the views of the Duke Energy board of directors or management with respect to the mergers or the Cinergy exchange ratio.

The following is a summary of the material financial analyses underlying Lazard's written opinion dated May 8, 2005 delivered to Duke Energy's board of directors in connection with the mergers. The financial analyses summarized below include information presented in tabular format. In order to fully understand Lazard's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Lazard's financial analyses.

Transaction Multiple Analysis. Lazard calculated an implied transaction value per share of Cinergy common stock of $45.79, based on the Cinergy exchange ratio of 1.56x and the $29.35 closing price per share of Duke Energy common stock on May 4, 2005. The implied value per share represented a premium to the closing price per share of Cinergy common stock on May 4, 2005 of 14.0%.

Exchange Ratio Analysis. Lazard reviewed the ratio of the closing price of Cinergy common stock divided by the closing price of Duke Energy common stock on May 4, 2005, referred to as the current market, and the ratio of average closing prices of Cinergy common stock divided by average closing prices of Duke Energy computed over various periods ended May 4, 2005. Lazard then calculated (1) the ownership of Cinergy shareholders in the combined company implied by these ratios, and (2) the premium implied by these ratios over the various periods relative to the 1.368x exchange ratio implied by the current market.

The analysis indicated a range of exchange ratios from 1.364x to 1.769x over the various periods compared to the 1.56x Cinergy exchange ratio in the Cinergy merger, and a range of pro forma ownership of Cinergy's shareholders in the combined company of 22.6% to 27.5% compared to 25.0% in the mergers, as indicated in the following table:

	Implied Exchange Ratio	Implied Cinergy Ownership	Implied Premium to Cinergy
As of May 4, 2005 (current market)	1.368x	22.6%	—
Exchange Ratio in the mergers of 1.56x	1.56x	25.0%	14.0%
Period:			
Five-trading-day average	1.364x	22.6%	(0.3)%
One-month average	1.388	22.9	1.4
Three-month average	1.445	23.6	5.6
Six-month average	1.531	24.7	11.9
One-year average	1.651	26.1	20.7
Two-year average	1.769	27.5	29.3

Lazard also noted that average exchange ratios for the various periods represented a range of premiums/(discounts) of approximately (0.3)% to 29.3% compared to the 1.368x exchange ratio implied by the current market.

Cinergy Comparable Companies Analysis. Lazard reviewed and compared certain public and internal financial information relating to Cinergy to corresponding financial data for comparable publicly-traded utility companies to derive an implied valuation range for Cinergy. Lazard selected companies that shared characteristics with Cinergy. The companies included in the Cinergy comparable companies analysis were:

- American Electric Power Company, Inc.;
- Alliant Energy Corporation;
- Ameren Corporation;
- DPL Inc.;
- FPL Group, Inc.;
- PPL Corporation;
- The Southern Company; and
- Xcel Energy Inc.

In general, historical financial data used was as of March 31, 2005 or December 31, 2004, depending on the date of the most recently available information for each company, and market data was as of May 4, 2005. Projected earnings per share and long term growth rates were based on IBES consensus estimates as of May 4, 2004. Other projected information was based on selected Wall Street equity research reports. The results of this review of comparable companies was as follows:

	Cinergy Peer Group Range	Cinergy Peer Group Median
Multiple of stock price to:		
Estimated 2005 EPS	13.5x– 17.2x	15.2x
Projected 2006 EPS	12.4 – 16.3	14.5
Book value per share	1.2 – 3.1	1.8
Multiple of enterprise value to:		
Estimated 2005 EBITDA	6.5 – 10.8x	8.1x
Projected 2006 EBITDA	6.2 – 9.5	7.7
Estimated 2005 EBIT	10.6 – 15.7	12.4
Projected 2006 EBIT	10.3 – 15.3	11.7

Applying the representative range of multiples derived from the comparable companies analysis, Lazard calculated a range of implied equity values per share of Cinergy. Lazard made separate calculations based on (1) estimates for Cinergy results of operations from selected Wall Street equity research reports, and (2) internal estimates of Cinergy's management, as adjusted by Duke Energy's management (we refer to such adjusted internal estimates as the Cinergy base case estimates). Such calculations did not give effect to transaction-related synergies estimated by Duke Energy management.

Based on the foregoing analysis, Lazard derived the following ranges of implied equity values per share of Cinergy common stock:

	Implied Value per Share of Cinergy
Based on:	
Wall Street Estimates	$40.00–$44.00
Cinergy Base Case Estimates (1)	$38.00–$42.00

(1) Includes net present value of synfuel tax benefits of approximately $200 million, or $1 per share, valued separately on a discounted cash flow basis, as per Wall Street research estimates.