

SAGE:

Sustainability Achieved Through Greater Engagement

Calvert SAGE Strategies:

emphasize strategic engagement to advance environmental, social, and governance (ESG) performance on the part of companies that may not meet all of Calvert's Signature* ESG criteria today but have the potential to improve.

Duke Energy

This company is a Calvert SAGE™ Strategy holding in the Calvert Large Cap Value Fund and is not eligible for investment in the Calvert Signature™ Funds.

Duke Energy is a utility industry leader in sustainability reporting, with strong commitments regarding the environment and climate change. Duke's top management diverged from the industry to play a constructive role on federal climate change policy, even while noting the challenges related to the sector's dependence on coal. The company is an active supporter of mandatory greenhouse gas emissions reductions and is making significant progress toward meeting long-term goals to reduce its own emissions. With almost 50% of its power generation coming from coal-fired plants, Duke faces significant climate change risks as the third largest emitter of CO₂ in the United States, making investments in renewable energy and energy efficiency an imperative for the company. In addition, the company should continue to find ways to manage and replace its aging power plants and transmission infrastructure. Given Duke's push towards nuclear power, the company would benefit from improved engagement with environmental and local community stakeholders.

DUKE ENERGY ADVOCACY OBJECTIVES

- Continue to play a constructive role in climate change public policy, including supporting reduction targets consistent with the recommendations of the Intergovernmental Panel on Climate Change.
- Expand and set targets for renewable energy investments, and report on progress toward prioritizing investment in renewables and energy efficiency relative to investments in clean coal or nuclear power.
- Enhance nuclear safety management framework by pursuing environmental management certifications, process improvements and additional disclosure, enhancing oversight role of the Nuclear Oversight Committee, and attracting new technical talent and developing management expertise.
- Adopt a shareholder "Say on Pay" policy that gives shareholders the opportunity at each annual meeting to cast an advisory vote on executive compensation.
- Disclose a corporate policy and contributions on political spending using corporate funds, including those made to trade associations, civic leagues, welfare organizations, local associations of employees, and other tax-exempt organizations.

ENGAGEMENT TOOLS APPLIED

- Direct dialogue with Duke Energy executive management
- Multi-stakeholder forums
- Sign-on letters on specific objectives

RECENT ENGAGEMENT

- After our initial letter in December 15, 2008, Duke Energy reached out to Calvert and welcomed the ongoing relationship and dialogue.

*Calvert's Signature ESG criteria examine corporate performance across seven broad areas of concern: governance and ethics, environment, workplace, product safety and impact, human rights, Indigenous Peoples' rights, and community relations. For more information, please visit <http://www.calvert.com/sri-signature-criteria.html>.



- On June 11, Calvert held a conference call with the Senior Vice President, Chief Sustainability Officer, Office of the Chairman, and the General Manager, Investor Relations to introduce the SAGE Strategy and provide an overview of Calvert's engagement objectives. Calvert has had previous engagement with Duke Energy before it was a holding in our funds, and the company recognized the importance of now being included in the Calvert Large Cap Value Fund and the current advocacy objectives.

During the meeting, Calvert discussed the key environmental, social, and governance (ESG) areas where we believe the company could achieve or exceed best-practice, including climate change policy, renewable energy standards, nuclear safety management, executive compensation and political contributions. Duke Energy recently briefed Wall Street analysts on its nuclear operations and safety management and listened carefully to our suggestions and concerns, especially regarding climate change. Duke Energy's leadership in calling for mandatory climate change legislation is exemplary, and Calvert urged the company to use this leadership position to further strengthen its public policy position related to renewable energy targets. Both parties recognized and discussed different investor engagement organizations through which we could reinforce our dialogue.

As of 7/31/2009, securities of Duke Energy represented 2.22% of the Calvert Large Cap Value Fund.

Investment in mutual funds involves risk, including possible loss of principal invested. You could lose money on your investment in the Fund, or the Fund could underperform, because of the following risks: a) the stock market may decline in value, b) the individual stocks in the Fund may not perform as well as expected, and/or c) the Fund's portfolio management practices may not work to achieve their desired result.

The market may not recognize a security's intrinsic value for a long time, and a stock judged to be undervalued by the Fund's Advisor may actually be appropriately priced.

Large cap companies may be unable to respond quickly to new competitive challenges such as changes in technology, and also may not be able to attain the high growth rate of successful smaller companies, especially during extended periods of economic expansion.

*For more information on any Calvert Fund, please contact your financial advisor, call Calvert at **800.368.2748** or visit www.calvert.com for a free prospectus. An institutional investor should call Calvert at **800.327.2109**. An investor should consider the investment objectives, risks, charges and expenses of an investment carefully before investing. The prospectus contains this and other information. Read it carefully before you invest or send money.*

Calvert funds are available at NAV for RIAs and Wrap Programs. Not all funds available at all firms.

Calvert mutual funds are underwritten and distributed by Calvert Distributors, Inc., member FINRA, subsidiary of Calvert Group, Ltd., 4550 Montgomery Avenue, Suite 1000N, Bethesda, MD 20814 TL10052-200908

A **UNIFI** Company.