



Lynn J. Good / Chairman, President and Chief Executive Officer

A Message From Our CEO

Dear stakeholders:

At Duke Energy, 2015 was a year of accomplishment and new beginnings. We took bold strides to better serve our customers – today and in the future – by embracing new technologies and applying innovative solutions to address their diverse and changing needs.

Committed to safety

We view safety through the lens of employees, communities and the environment. Of all our achievements in 2015, I'm most pleased by what we accomplished in this area. Our employee Total Incident Case Rate, a key safety performance measure, decreased by almost 30 percent, making Duke Energy one of the best in the industry, and we continue to strengthen contractor safety.

I'm equally proud of the industry-leading solutions we developed for safely managing coal ash. We are working to close all our coal ash basins in ways that protect our communities and the environment.

An industry in transition

We are part of a dynamic industry that is being reshaped by evolving customer expectations, rapidly changing technologies and new public policies. One of our more significant achievements in 2015 was the development of a long-term, customer-focused strategy for the future to address the transformation. We are providing smarter energy solutions by generating

cleaner energy, modernizing the power grid and transforming the customer experience.

Generating cleaner energy

Duke Energy is a leader in the transition to cleaner energy solutions. Since 2005, we have reduced our tons of carbon emissions by 28 percent.

Last year, more than 40 percent of our electricity came from carbon-free sources – largely due to our nuclear fleet, which accounted for a third of our total generation in 2015. We are evaluating extending the life of our existing nuclear plants and possibly building new ones.

Natural gas has also played an important role in this transition. We've significantly expanded our natural gas platform through new gas-fired power plants, pipeline investments and the planned acquisition of Piedmont Natural Gas.

In the Carolinas alone, we've retired half of our coal plants and replaced them with new natural gas plants and renewables – which will be an increasing part of our portfolio in the future. In the U.S., we've already invested \$4 billion in wind and solar energy facilities since 2007 – enough to power about 740,000 homes at peak production – and plan to invest \$3 billion more over the next five years.

Modernizing the power grid

In order to meet our customers' expectations and integrate new technologies, we are modernizing the power grid. Our goal is to improve the customer experience by making

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power outages increasingly rare and service restoration faster – advancing self-healing technologies and smart meters.

As more renewables are added to our system, the grid will need to evolve. The intermittent nature of these technologies is placing new demands on the grid, including the need for a two-way flow of electricity.

Batteries are important in overcoming this challenge and we are working to realize their greatest potential on our system. From a wind farm in Texas to a microgrid in North Carolina, we are investing in battery projects around the country to learn more about this technology.

Transforming the customer experience

Customer expectations are evolving; they want choice, control and convenience along with affordability and reliability. At Duke Energy, customers are at the center of everything we do and we are working hard every day to meet these changing expectations.

We're communicating with customers in ways they prefer, such as through our social media channels, two-way texting for outage reporting and high-usage notifications. Customers want more control over their energy usage, and we've responded with energy efficiency programs that also help promote a lower-emission future. Earlier this year, one of our residential programs reached a milestone of one terawatt-hour of electricity saved – enough to power 70,000 homes for a year.

We have seen modest improvement in customer satisfaction scores over the course of 2015, but our work is never over. We will continue to focus on what is important to customers, including fair prices, reliable power and cleaner energy sources.

Shaping the future together

Transformation of the power industry is a complex and dynamic process. We serve more than 24 million people every day with a vital service. As we continue this journey of transformation, working closely with all stakeholders will be important to get it right, including the pace and timing of investments in new technologies. At Duke Energy, we will focus on the unique requirements of each customer, building infrastructure for thriving communities and creating a safe energy future.

Sincerely,



Lynn J. Good
*Chairman, President and
Chief Executive Officer*

April 8, 2016