
We're building upon our good work and positioning Duke Energy for continued success in 2015 and beyond. I'm excited for what's to come on this difficult, yet vital and fulfilling journey.

A Message From Our CEO

Dear Stakeholders:

This past year was both challenging and promising for Duke Energy. 2014 tested our resolve, drove us to reconsider our assumptions, and prompted new ways of thinking and operating among our 28,000 employees.

In the end, we emerged as a stronger Duke Energy, and we're moving forward with a clear vision for how we'll continue to innovate, lead and succeed in this ever-changing industry.



Safety

Safety is our
No. 1 priority

Connected To The Environment

As I mentioned in last year's Sustainability Report, a February 2014 incident at our retired Dan River Steam Station in Eden, North Carolina, caused coal ash to flow into the adjacent Dan River. We immediately went to work to stop the leak and remove coal ash from the river. Throughout the entire process, neighboring communities' drinking water remained safe. And independent tests showed that the river's water quality quickly returned to normal levels. Along with state and federal agencies, we will continue to monitor the river.

Nonetheless, we're accountable for what happened and applying what we learned to set new standards and implement smart, sustainable solutions to this nationwide issue of safely managing coal ash. We're accelerating our plans to close our ash basins.

Our environmental commitment goes beyond our work on the Dan River. In 2014, we created a multimillion-dollar Water Resources Fund to support projects that benefit waterways around and downstream of our Carolinas operations.

We have taken significant actions to reduce our CO₂ emissions over the past several years – for example, closing 40 coal-fired generating units and building modern natural gas-fueled plants. We've also invested more than \$4 billion in wind and solar facilities and, in 2014, we committed \$500 million to expand solar energy in North Carolina. More broadly, we are advocating for climate change policies that reduce emissions while balancing the impact on customers' rates, state economies and power reliability.

Connected To Safe Operations

In terms of safety, 2014 was our best year ever for our Total Incident Case Rate, which is a key measure of safety performance. Despite that, three employees and a contractor were fatally injured on the job.

We must do better. Our No. 1 priority remains the safety of our employees, contractors and communities. We're incorporating the lessons learned from these events into new practices and placing special focus on the highest-risk activities.

Connected To Our Customers And Communities

We're putting customers at the center of all that we do – from meeting record power demand and restoring service after storms to funding community initiatives and helping to create jobs.

I continue to be proud of how our employees excel at what we're known for – efficiently generating electricity and delivering reliable energy to homes and businesses. The critical

A portrait of Lynn J. Good, Vice Chairman, President and Chief Executive Officer, smiling and wearing a red jacket. The background is a blurred view of a modern building with large glass windows.

Lynn J. Good | Vice Chairman, President and Chief Executive Officer

nature of our work was put to the test during the polar vortex of January 2014. That's when our teams successfully met our customers' record power demand in the Midwest and Carolinas. (In 2015, we met an even greater peak demand from our Carolinas customers during a brutally cold February.)

Our transmission and distribution teams in the Carolinas demonstrated amazing teamwork and rapid response following two major ice storms and a hurricane in 2014. They were supported by hundreds of our Midwest and Florida personnel who traveled to the Carolinas to help our customers get back up and running.

Teamwork and collaboration flows throughout Duke Energy. And customers are benefiting from this good work. We've already achieved 60 percent of the guaranteed \$687 million in savings for our Carolinas customers as a result of our 2012 merger with Progress Energy. We're on track to meet the total customer savings commitment in 2017.

In 2014, we continued critical work to improve our customers' experience with Duke Energy. That means introducing new ways to communicate, making account management easier, and better understanding our customers' needs and expectations for controlling their energy usage and costs.

We are intimately involved in our communities. In 2014, The Duke Energy Foundation issued more than \$26 million in grants and matching donations to nonprofits. And we partnered with state and local agencies to recruit almost \$3.6 billion in capital investments and more than 11,400 new jobs to our service territories.

Connected To The Future

This report offers additional insight into our progress in 2014. It describes what we've done to prepare for the future. You'll learn about the billions of dollars we're investing in projects like the proposed Atlantic Coast Pipeline, our work to prepare for the next generation of customers and workers, how we plan to continue reducing our environmental footprint, and much more.

As you'll see, we have a strong foundation in place. We're building upon our good work and positioning Duke Energy for continued success in 2015 and beyond. I'm excited for what's to come on this difficult, yet vital and fulfilling journey. I look forward to briefing you on our company and progress in next year's Sustainability Report.

Sincerely,

A handwritten signature in black ink that reads "Lynn J. Good".

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

April 17, 2015



Sustainability

We're making
significant
CO₂ emission
reductions