



Grow and adapt
the business and achieve
our financial objectives

2014 Highlights

- Announced \$500 million solar expansion program in North Carolina
- Helped attract 85 new and expanding businesses across a wide diversity of industries, bringing 11,400 jobs to our six-state service territory
- Announced the sale of our Commercial Midwest Generation assets
- Announced the joint venture with Dominion, Piedmont Natural Gas and AGL to build the Atlantic Coast Pipeline

Challenges

- Meet our target growth rate of 4 to 6 percent in the face of stagnant load growth

Opportunities

- Take advantage of changing technologies and customer expectations to find new ways to grow our businesses

Financial Stability = Sustainability

In 2014, the company achieved adjusted diluted earnings per share of \$4.55, which was within the company's \$4.50 to \$4.65 earnings guidance to Wall Street.

One of Duke Energy's primary goals as a sustainable company is delivering attractive returns for its investors. As part of those efforts, the company increased its quarterly dividend by about 1.9 percent in 2014, the 88th consecutive year the company has paid a quarterly dividend on its common stock.

Duke Energy's total shareholder return – the change in stock price plus dividends – for 2014 was approximately 26.4 percent. This was below the approximately 28.9 percent return of the Philadelphia Utility Index (20 U.S. utilities) during the same period. However, Duke Energy outperformed the S&P 500's total shareholder return of approximately 13.7 percent.

The company's balance sheet and credit ratings remain strong, allowing Duke Energy to invest in its business without the need for new equity issuances through 2017.

Duke Energy remains on track to achieve long-term average annual growth in adjusted diluted earnings per share of between 4 to 6 percent from a 2013 base through 2017. See the Financial Highlights table on Page 22.

Committed To The Economic Vitality Of Our Communities

In 2014, the Duke Energy Economic Development Team saw real evidence of an improving national economy with an increase in new jobs and investments across our entire service territory. Working with state and local partners, we helped attract 85 new and expanding businesses across a wide diversity of industries for almost \$3.6 billion in capital investments. Over 11,400 new jobs were created across our six-state footprint.

Advanced manufacturing continues to be an important contributor to the economy in many of our states, particularly in Indiana and the Carolinas. But we pursued a diverse mix of other project opportunities, including automotive, aerospace, textile and data centers.

For more than 100 years, Duke Energy has invested in responsible growth and community development, earning a national reputation for its work. The September 2014 edition of Site Selection magazine again named Duke Energy to its annual list of Top Utilities in Economic Development for 2014. The company has been on the list more than a dozen times.

A cornerstone of our economic development efforts is the Site Readiness Program. The program assists local communities by bringing in a nationally recognized consultant to evaluate



Stuart Laval and Jason Handley | Emerging Technology Office

selected sites and provide recommendations for improvements to attract future industries. In 2014, 22 properties were evaluated to prepare them for potential industrial development. Since the program's inception in 2005, 16 Site Readiness properties have won large industrial projects.

Breakdown By States

North Carolina: Duke Energy's North Carolina Economic Development Team continued its string of successful recruiting years by helping to bring in about \$1.1 billion in capital investments and more than 4,100 jobs. Gildan Textiles, Clearwater Paper and TransCarolina Products are notable examples of new investment brought to the state.

The company also helped lead the transition of economic development recruiting efforts from the North Carolina Department of Commerce to the Economic Development Partnership of North Carolina, a new public-private partnership. The partnership will oversee the state's efforts in economic development, international trade, tourism, film and sports development.

South Carolina: South Carolina is leading the Southeast in manufacturing job growth spurred on by Duke Energy's business recruiting efforts. In 2014, Duke Energy was involved in projects that produced about \$1.5 billion in capital investments and over 2,000 new jobs. New businesses brought to the state include Toray Industries, Trelleborg, Precorp and Apex Tool.

\ Connected ** **Making The Electric Grid Better

The electric grid is amazing. Those wires running down the street or underground in your neighborhood are responsible for delivering more than \$350 billion in electricity sales in the U.S. each year.

It's also operated mainly by hardware, telecommunications and software platforms that don't talk to each other – perhaps making it more expensive to run than it should be. Just like a laptop can operate with devices interchangeably, the electrical grid of the future needs to be able to exchange data with different devices from many manufacturers. Duke Energy is leading an effort to make that happen, which should help control costs and improve reliability.

Two years ago, Jason Handley and Stuart Laval from our Emerging Technology Office recruited a small group of companies to form the Coalition of the Willing. Its mission was to prove that multiple companies could work together on grid technology that didn't depend on the proprietary protocols.

Adopting open standards sounds easy, but many companies were reluctant at first to participate. However, after showcasing a "proof of concept" design at a large industry conference in 2014, interest in the effort has picked up.

Today, more than 25 major manufacturers have joined the coalition. There's still plenty of work to do. But the end result could be an electric grid that is simpler to operate, less costly and a better value for customers.

FINANCIAL HIGHLIGHTS^{1, 2}

(In millions, except per-share data) ^{1, 2}	2014	2013 ³	2012 ^{3, 4}
Total operating revenues	\$23,925	\$22,756	\$17,912
Net income attributable to Duke Energy	\$1,883	\$2,665	\$1,768
Reported diluted earnings per share	\$2.66	\$3.76	\$3.07
Adjusted diluted earnings per share	\$4.55	\$4.36	\$4.33
Dividends per share	\$3.15	\$3.09	\$3.03
Total assets	\$120,709	\$114,779	\$113,856
Long-term debt including capital leases and redeemable preferred stock of subsidiaries, less current maturities	\$37,213	\$38,152	\$36,444

1 See the 2014 Duke Energy Annual Report/Form 10-K for detailed notes and further explanations.

2 On July 2, 2012, immediately prior to the merger with Progress Energy, Duke Energy executed a one-for-three reverse stock split. All share and earnings per share amounts are presented as if the one-for-three reverse stock split had been effective at the beginning of the earliest period presented.

3 Operating results reflect reclassifications due to the impact of discontinued operations.

4 Beginning on July 2, 2012, as a result of the merger with Progress Energy, amounts related to Progress Energy, Duke Energy Progress and Duke Energy Florida are included in Duke Energy's consolidated financial information.

Ohio/Kentucky: After several years of little private investment in downtown centers, new private development in Duke Energy's urban cores was the lead story in 2014. The Duke Energy Economic Development Team worked collaboratively with the Duke Energy Foundation to find real estate development and redevelopment investment opportunities in urban neighborhoods. Major successes include the General Motors office complex and Mercy Health.

Industrial activity also continued at an active pace as Duke Energy helped increase capital investment by \$173 million, bringing approximately 1,940 jobs to Ohio and Kentucky. Notable investments include UGN, an international auto component manufacturer in Ohio, and the eBay Enterprises regional distribution center in Northern Kentucky.

Florida: The Duke Energy Florida Economic Development Team doubled its size and redefined its focus with a strategy that called for early engagement in efforts to bring new investments to the state. The hard work resulted in 12 new or existing companies selecting Duke Energy's Florida service territory in 2014, more than doubling last year's results and surpassing the company's stretch goals. These projects represent \$122 million in capital investments and more than 850 new jobs for Florida.

Indiana: In partnership with economic development officials throughout the state, Duke Energy's Economic Development Team was instrumental in bringing commitments of approximately \$576 million in capital investments and over 2,400 jobs to Indiana. Duke Energy worked with eight existing customers, primarily in the manufacturing sector, as well as nine new companies that now call Indiana home.

Renewable Energy Continues to Grow

Duke Energy continues to make great strides at expanding renewable energy.

Regulated Portfolio: The company's regulated business continues to pursue large-scale renewable projects, which spur economic development in the regions we serve. For example:

- In September, we announced a \$500 million solar expansion in North Carolina to own and operate three large-scale projects and enter into power purchase agreements with five other large-scale projects.
- Early in 2015, Duke Energy announced a 13-MW solar facility at Marine Corps Base Camp Lejeune in North Carolina – the company's first at a military base. With Duke Energy's help, North Carolina is now fourth in the nation for installed solar power.
- In Indiana, the company signed four power purchase agreements for 20 MW of large-scale solar – a first for Duke Energy in that state.



Emily Felt | Wholesale Renewable Manager

\ Connected \ A Future In Solar Energy

“Solar energy is part of my family’s future – and our customers’ future. To ensure it’s part of our shareholders’ future, we have to bring solar into our business, financially and operationally. That is the work I get to do every day.”

Across all jurisdictions, we continue to work with regulators and diverse stakeholder groups to develop policies that promote growth of renewables with sustainable electricity rates for our customers. In South Carolina, the company was a key part of helping achieve comprehensive solar legislation and we are proposing solar programs for our residential and non-residential customers.

Duke Energy is also pursuing partnerships that advance research and education. In Florida, we have been partnering with universities to install solar systems. Since 2003, we have funded more than \$6 million for solar installations at more than 45 schools and universities.

Commercial Portfolio: Duke Energy’s commercial portfolio, operating in areas outside of the company’s regulated footprint, continues to provide growth opportunities. Today, Duke Energy Renewables (DER) owns around 1,700 MW of wind power and 150 MW of solar power operating in 12 states. DER brought on about 100 MW of new solar capacity in 2014 – making an overall total of nearly 1,900 MW for the unregulated business. DER sells the electricity and renewable energy certificates (RECs) from these facilities to its customers.

DER also has three wind power projects underway in Texas that will add more than 500 MW of emissions-free electricity to the company’s renewables portfolio. These projects

generate the majority of their power during the day, when customer demand is greatest. With completion dates of mid-2015 into mid-2016, the Los Vientos III, IV and V wind projects can collectively power about 150,000 homes.

One innovative project for DER in 2014 was a 52-MW solar facility that will sell power to George Washington University, American University, and George Washington University Hospital. The project will allow these customers to reduce their energy costs and meet their sustainability goals.

Duke Energy Announces Sale Of Nonregulated Midwest Power Plants

Duke Energy announced it would sell its non-regulated Midwest Commercial Generation Business to Houston-based Dynegy for \$2.8 billion in cash.

The sale which closed in April 2015, included Duke Energy’s ownership interest in 11 power plants, plus the company’s competitive retail business in Ohio – Duke Energy Retail Sales.

“These power plants have been important to Duke Energy and our Midwest customers for many years, and I’m proud of the employees who have operated these plants well during challenging market conditions,” said Lynn Good, vice chairman, president and chief executive officer.

Although these are valuable assets, they are no longer a good fit for Duke Energy. Being in a competitive market means that earnings from the plants can be volatile; the company's investors prefer more predictable earnings.

The total generation capacity owned by Duke Energy in the 11 plants was about 5,900 MW. Nine of the plants are in Ohio; one is in Illinois and one is in Pennsylvania. The plants dispatch electricity into the PJM wholesale power market.

Duke Energy's regulated utilities in Ohio, Kentucky and Indiana, including its regulated generation in Indiana and Kentucky, are not part of the sale.

New Natural Gas Pipeline

Duke Energy and three other utilities announced plans to build a 550-mile interstate natural gas pipeline – the Atlantic Coast Pipeline – from West Virginia to North Carolina to fuel new natural gas-fired power plants that are replacing older, higher-emission coal-fired plants. Although there will be environmental impacts during construction of the pipeline, our siting process is working to minimize them. Plus, natural gas plants release far fewer greenhouse gases and other air emissions than do conventional coal plants, creating long-term environmental benefits.

The pipeline will also serve as a key infrastructure engine to drive economic development and create jobs, helping counties along its route attract new, energy-dependent businesses and industries. It will also increase natural gas transportation options available to the Southeast, reducing risks of supply interruptions.

The pipeline has an estimated cost of between \$4.5 billion and \$5 billion, an initial capacity of 1.5 billion cubic feet of natural gas per day, and a target in-service date of late 2018. The project requires federal approval, which the pipeline's owners seek to secure by mid-2016.

Duke Energy will own 40 percent of the pipeline; Dominion, 45 percent; Piedmont Natural Gas, 10 percent; and AGL Resources, 5 percent. The pipeline's main customers will be six utilities, including the two Duke Energy utilities that serve the Carolinas.

We increasingly rely on natural gas to generate electricity after closing half of our 14 coal plants in North Carolina during the past four years. We have opened five natural gas plants in North Carolina since 2011 and plan to open a natural gas plant in South Carolina in 2017.

In recent years, extremely cold winter temperatures – resulting in high natural gas demand and prices – have further underscored the national need for more natural gas pipelines.

Political Engagement To Promote Responsible Public Policy

Duke Energy actively participates in the political process to ensure that local, state and federal lawmakers understand and consider the interests of the company, its customers, employees, shareholders, communities and other stakeholders.

Duke Energy provides technical expertise on potential costs and impacts of proposed legislation to help lawmakers make informed decisions.



GOVERNANCE RATINGS¹

We regularly benchmark Duke Energy's corporate governance practices with other best-in-class companies and peers. Below are the risk ratings for Duke Energy provided by ISS, a leading corporate governance advisory service to the financial community. Duke Energy's overall ISS Governance QuickScore, as of March 1, 2015, was 1, the lowest (best) relative risk ranking ISS issues.

	ISS Governance QuickScore			Scales
	2012	2013	2014 ¹	
Board structure	2	5	1	Relative risk: 1 = Lowest ² 10 = Highest
Compensation	5	4	1	
Shareholder rights	6	5	4	
Audit	1	1	2	

¹ As of March 1, 2015. Published with permission of ISS.

² Reflects best rating.

In 2014, the company spent almost \$7.3 million on reportable lobbying expenses (e.g., office space, salaries, consulting fees, event fees, etc.) at the federal and state levels to promote appropriate and responsible public policies.

That amount includes nearly \$900,000 in trade association dues used for policy research, information gathering and federal lobbying.

In 2014, Duke Energy also contributed approximately \$3.1 million to political organizations, such as the Republican and Democratic governors associations, that advocate for issues and mobilize voters but do not directly support or oppose candidates.

The company is legally prohibited from making direct contributions to candidates for U.S. federal political offices. It is similarly prohibited from making direct contributions to candidates for state offices in certain states. In 2014, in states where corporate contributions are allowed, Duke Energy gave nearly \$1 million to support candidates, political parties and other political organizations and activities.

Duke Energy's Political Activity Policy addresses company compliance with laws and regulations governing political contributions, government contacts and lobbying activities.

Employee Participation: Many Duke Energy employees participate in the political process through DUKEPAC and Voices In Politics.

DUKEPAC is a voluntary, nonpartisan political action committee that contributes to federal and state candidates. The committee pools employee contributions to support political candidates who, if elected, might be involved in legislation that could have an impact on Duke Energy employees, customers, shareholders, the communities it serves and other stakeholders.

Such legislation could involve utility industry structure; nuclear, coal, natural gas, hydro, wind or solar electricity generation; energy efficiency; environmental issues; tax reform or employee benefits (e.g., health insurance). DUKEPAC contributed \$1.5 million to state and federal candidates and political organizations in 2014.

Voices In Politics is Duke Energy's grassroots education and advocacy network. It briefs employees on political issues and encourages them to actively support or oppose legislation that could affect the company. The network issues occasional "calls to action" regarding pending legislative votes that could affect the company's operations.