



GROWTH

Grow and Adapt the Business and
Achieve Our Financial Objectives



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2019 Highlights

- During 2019, helped our communities attract over 15,000 new jobs and \$7.1 billion in capital investment to our service territories.
- In our commercial renewables business, announced over 1,500 megawatts of new wind and solar projects, and made significant progress on new solar projects in our regulated businesses in Florida and the Carolinas.
- Increased total, multiyear green bond issuances to \$2.3 billion across the company to finance clean energy projects.
- Achieved adjusted earnings per share (EPS) of \$5.06, above the midpoint of our original guidance range, resulting in a 5 percent compound annual growth rate in adjusted diluted EPS since 2017, the first year after the completion of the company's portfolio transformation.
- Increased the quarterly dividend on our common stock by 2 percent; 2020 marks the 94th consecutive year Duke Energy has paid a quarterly dividend.
- Achieved financial results while delivering outstanding improvement in customer service, increasing reliability measures by 15 percent and customer satisfaction measures by 25 percent.

Challenges and Opportunities

- Continue to help attract jobs and capital investment in our communities through our economic development programs.
- Work to advance the Atlantic Coast Pipeline project to bring low-cost natural gas and economic development to eastern North Carolina.
- Deliver value to our customers and communities and grow our business by investing \$56 billion in capital over the next five years, with an emphasis on investments in the grid and cleaner energy.
- Maintain our position as an industry leader in environmental, social and governance disclosure.



Wind power project in Texas: The sun and wind are helping Duke Energy reduce carbon emissions.

Renewable Energy's Growth Continues to Accelerate

To achieve net-zero carbon emissions by 2050, renewable generation will be important to Duke Energy's strategy and will become a growing part of the diversified portfolio the company is building to reliably meet customer demand. To accelerate the company's transition to cleaner energy solutions, Duke Energy is planning to double its portfolio of solar, wind and biomass by 2025.

The company has added more than 2,500 megawatts (MW) of solar capacity to our grid over the past four years, including significant growth in North Carolina that helped keep the state second in the nation for solar capacity.

In 2019, the company was awarded approximately 190 MW of utility-scale solar under North Carolina House Bill 589. Most of the projects will come online in 2021. The number of customers that installed or received a rebate under our \$62 million multiyear rebate program in North Carolina increased by nearly 1,700 – bringing the total to 3,600 rebates. The program has doubled rooftop solar in the state in its first two years. Duke Energy also launched a Green Source Advantage program, helping large customers and municipalities meet their sustainability goals.

In Florida, the company's Lake Placid and Trenton Solar Power plants came online, bringing nearly 120 MW to customers. In addition, the company announced other solar and battery projects, continuing its progress to add 700 MW of solar generation through 2022, while projecting to double its solar investments in the state by 2028.

Our Commercial Renewables business continues to grow as we announced approximately 1,500 MW in new projects, which will be placed into service by the end of 2020. This included our largest solar facility to date, the 150-MW North Rosamond solar project in California, which started operation in June. As well, our 200-MW Mesteño Windpower project in Texas began commercial operation in December, producing enough energy to power about 60,000 average homes.

Looking ahead, Commercial Renewables has nearly 1,300 MW of wind and solar energy in late-stage development – the majority of which will come online in 2020.

To accelerate the company's transition to cleaner energy solutions, Duke Energy is planning to double its portfolio of solar, wind and biomass by 2025.



Duke Energy remains a national leader in building batteries to store electricity.

Battery Storage Projects Take Off

Duke Energy has been a leader in battery energy storage since 2013 when the 36-megawatt (MW) Notrees Energy Storage project came online next to a company wind farm in Texas.

Duke Energy continues to push ahead in the emerging battery storage market. The versatility of battery storage systems makes the technology a natural extension of the energy grid. The company will apply years of engineering and operating experience to maximize its full potential.

Duke Energy plans to spend roughly \$600 million over the next five to 10 years to expand battery storage by almost 400 MW. A number of these projects made significant progress in 2019.

In Nabb, Indiana, a battery will be installed near an existing substation. This installation will be used to provide grid benefits as well as backup customer power in the event of a power outage.

Also in Indiana, a customer microgrid solution that includes a 2-MW solar array and a 5-MW battery for energy storage is under construction at the National Guard's Camp Atterbury site.

In Florida, the 5.5-MW Cape San Blas lithium-based battery facility will be located about 40 miles southeast of Panama City in Gulf County. The project is an economical alternative to replacing distribution equipment necessary to accommodate local load growth.

In Madison County, North Carolina, a microgrid system will consist of a 2-MW solar facility and a 4-MW lithium-based storage facility. This will provide a safe, cost-effective and reliable grid solution to serve hundreds of customers in the Hot Springs community. It will also provide support services to the overall grid.

Of course, batteries are not the only energy storage method. The company has more than 2,000 MW of pumped storage hydro power. Over the next three years, Duke Energy will increase the capacity at its Bad Creek facility in South Carolina by about 320 MW as it upgrades the facility.

Making a Charge for More Electric Vehicles

The transportation sector produces more carbon dioxide emissions than any other industry in the United States. But Duke Energy is working to implement programs to trim those emissions by promoting electric transportation.

In Florida, the company's Park and Plug program has installed over 400 public charging stations in the state, with more than 80 stations targeting lower-income neighborhoods.

Last year, those stations helped offset more than 500,000 tons of carbon dioxide. They also saved more than 27,000 gallons of gasoline. By 2022, the company will have installed more than 500 public charging stations in Florida.



Duke Energy has installed over 400 public electric vehicle charging stations in Florida.

In North Carolina, the company has proposed a \$76 million electric transportation program, which would be the largest investment in electric vehicle infrastructure in the southeastern United States. The plan, which includes 2,000 charging stations, has received widespread support from business, customer and environmental groups. The North Carolina Utilities Commission is currently reviewing the proposal.

Under Duke Energy's proposal, the company would offer rebates to customers for residential charging stations. It would position public fast charging stations in strategic locations around North Carolina. And it would help vehicle fleets go all electric.

Combined, we plan to support the deployment of nearly 7,500 electric vehicle chargers across our service territories, including Indiana, Kentucky, Ohio, Florida and the Carolinas. These deployments would support residential, fleet, public transit and highway fast charging.

Grants from Duke Energy have already helped the North Carolina cities of Raleigh, Asheville and Greensboro expand their fleets to include electric buses. In all cases, the company contributed to charging infrastructure that allowed the cities to spend more on purchasing new electric buses.

Duke Energy is also practicing what it preaches. The company has roughly 600 electric vehicles in its fleet, including 230 on-road electric vehicles.

In order to lower overall emissions, Duke Energy continues to take a proactive approach to decarbonizing the electric transportation sector – one plug at a time.

Growing Sustainably in Five Key Areas

Duke Energy continues to build a sustainable and smarter energy future:

- Modernizing the energy grid.** Duke Energy is building a smarter energy grid that gives customers more control over their energy usage, boosts customer convenience, accommodates additional renewable energy, increases service reliability and bolsters energy system security – both physical and cyber. [\(See related article on page 18, “Connecting Customers to a Smarter Energy Future.”\)](#)

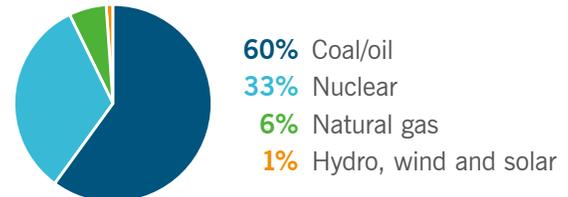
In order to lower overall emissions, Duke Energy continues to take a proactive approach to decarbonizing the electric transportation sector – one plug at a time.

- Generating cleaner energy.** Duke Energy continues to generate cleaner electricity by investing in natural gas, solar and wind energy projects – and by maintaining its existing fleet of carbon-free nuclear power plants. In 2019, the company announced a goal of achieving net-zero carbon emissions from electric generation by 2050. The company simultaneously announced a near-term goal of cutting carbon emissions by at least 50 percent or more by 2030, from 2005 levels. In addition to using new renewable energy facilities to reach those goals, the company also said it would seek federal approval to renew the operating licenses of the six carbon-free nuclear power plants it currently operates for an additional 20 years. [\(See related article on page 36, “Duke Energy’s Path to Net-Zero Carbon.”\)](#)
- Expanding natural gas infrastructure.** Natural gas continues to play a major role in Duke Energy’s cleaner energy future. Deploying low-cost natural gas helps speed the transition away from coal, maintain reliability and balance the intermittent nature of renewables. The company is investing in natural gas-fired power plants, an interstate natural gas pipeline, and the retrofitting of coal-fired power plants to enable them to also burn lower carbon-emitting natural gas. [\(See related article on page 32, “Natural Gas Enables Cleaner Energy Future.”\)](#)
- Transforming the customer experience.** Duke Energy is working hard to further improve the customer experience. New technology is shortening and sometimes eliminating power outages. Smart meters are giving customers new ways to manage and reduce electricity usage, saving them money. New communications tools are being developed based on customer input. [\(See related article on page 19, “Transforming the Customer Experience Through Action.”\)](#)
- Engaging stakeholders.** Fortune magazine named Duke Energy to its 2020 “World’s Most Admired Companies” list – an indication that Duke Energy’s many diverse stakeholders value the company’s commitment to a sustainable future. The company continues to work collaboratively with regulators, legislators, environmentalists, consumer advocates and many others on its multiple sustainability and modernization initiatives. [\(See related article on page 10, “The Value of Our Stakeholders.”\)](#)

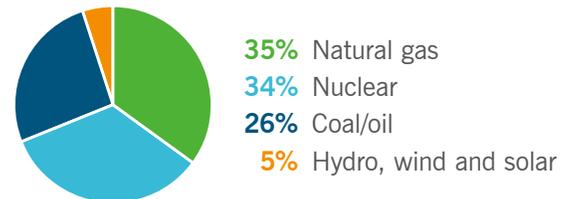
Moving Toward a Cleaner Generation Fleet and Increased Fuel Diversity

(megawatt-hour output)

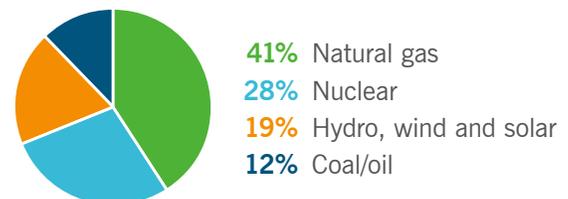
2005¹



2019^{1,2}



2030E³



¹ 2005 and 2019 data based on Duke Energy’s ownership share of U.S. generation assets as of December 31, 2019.

² 2019 data excludes 9,400 GWh of purchased renewables, equivalent to approximately 4 percent of Duke Energy’s output.

³ 2030 estimate will be influenced by customer demand for electricity, weather, fuel, purchased power prices, and other factors.

Economic Development: New Jobs, Community Investment

Duke Energy's economic development team in 2019 helped bring 15,400 new jobs and \$7.1 billion in new capital investment – through 102 projects – to numerous communities in the six states served by the company's electric utilities.

Site Selection magazine named Duke Energy to its "Top Utilities in Economic Development" list for the 15th consecutive year in 2019.

Duke Energy's economic development specialists work to attract new industry to North Carolina, South Carolina, Florida, Indiana, Ohio and Kentucky. The 26-member team also encourages existing companies in those states to expand at home, rather than look elsewhere.

The team includes experts in multiple target markets, including aerospace, data centers, advanced manufacturing, automotive, life sciences and food/beverage processing.

In 2019, the team evaluated 21 properties in Duke Energy's service areas for potential business and industrial development through Duke Energy's Site Readiness Program.

Through that program, Duke Energy partners with local economic development agencies to identify potential industrial sites, assess the sites' strengths and weaknesses, facilitate site improvements, and market the sites to future industry.

Since its 2005 launch, the program has evaluated 280 sites – with 46 project wins that generated \$8 billion in new capital investment and 10,420 new jobs.

In 2019, Duke Energy also provided more than \$2 million to local economic development agencies and initiatives to fund job creation and business development projects.

"Economic development is vital to the states, communities and customers served by Duke Energy," says Stu Heishman, Duke Energy's vice president of economic development. "We're glad we can play a key role in attracting business investment and new jobs."

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Environmental, Social and Governance Ratings

Duke Energy benchmarks its environmental, social and governance practices against best-in-class and peer companies. The risk ratings provided for Duke Energy by Institutional Shareholder Services (ISS), a leading corporate governance and responsible investment advisory service to the financial community, are provided below.

	QuickScore 2018 ¹	QualityScore 2019 ^{1,2}	QualityScore 2020 ²	Rating Scale
Environmental	—	3	3	1 = Lowest risk (best rating) 10 = Highest risk
Social	—	4	2	
Governance	3	2	1	

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1 As of March 1.

2 2019 is the first year that the ISS environmental and social scores were available at the time our sustainability report was published.

Economic Development

Duke Energy works with state and local authorities to promote economic growth in our communities, helping attract business investment and jobs. Duke Energy helped attract over 15,400 jobs and \$7.1 billion of investment in 2019.

\$7.1 billion
Total Capital Investment

15,400
Total Jobs



North Carolina



CAPITAL INVESTMENT
\$3.3 billion



JOBS
4,280



South Carolina



CAPITAL INVESTMENT
\$537 million



JOBS
1,750



Indiana



CAPITAL INVESTMENT
\$1.1 billion



JOBS
2,439



Florida



CAPITAL INVESTMENT
\$324 million



JOBS
1,619



Ohio–Kentucky



CAPITAL INVESTMENT
\$1.9 billion



JOBS
5,386

Encouraging Civic Participation at All Levels

Duke Energy serves 7.8 million electric and 1.6 million natural gas customers across seven different states, and employs nearly 30,000 people. With complex political and policy landscapes at the state and federal levels, it is important that there is a balanced view on issues to ensure the best interest of Duke Energy customers and employees are top of mind.

DukePAC, a voluntary, nonpartisan political action committee, leverages the collective financial contributions of eligible employees to support political organizations and candidates who share the concerns and best interests of Duke Energy employees and customers. In 2019, DukePAC's total contributions were \$633,930.

DukePAC also serves as a key resource in its ability to educate employees, encouraging their increased civic participation at all levels.

Through engagement with local communities, lawmakers, and stakeholders, Duke Energy is also able to advocate for state-specific policies at the state capitals in its service territory. The company also advocates for innovative and practical policies at the federal level that further the good progress made by the company, and the industry as a whole.

Duke Energy's total reportable federal lobbying expenses in 2019 were \$5,284,510. That amount includes the \$963,720 federal lobbying portion of trade association dues (includes dues in excess of \$50,000) to support policy research and advocacy. The company also contributed approximately \$1,194,660 to Section 527 organizations created to support the nomination, election, appointment or defeat of a candidate. (For additional details, see Duke Energy's [Corporate Political Expenditure Reports](#).)

Duke Energy's [Political Expenditures Policy](#) requires compliance with laws and regulations governing political contributions, government interaction and lobbying activities. It also requires a semiannual update on political expenditures to the Corporate Governance Committee of the Duke Energy Board of Directors. The company is legally prohibited from making direct contributions to candidates for U.S. federal offices and certain state offices.

Natural Gas Enables Cleaner Energy Future

Natural gas continues to play a central role as Duke Energy moves toward a cleaner, lower-carbon energy future. This low-cost fuel source is helping the company retire coal plants faster and balance the intermittent nature of renewables.

In 2020, the company's new natural gas-fired Asheville Combined Cycle Station in Buncombe County, North Carolina, became operational. The power plant replaced a 56-year-old, higher carbon-emitting, coal-fired plant.

The natural gas plant is 75 percent more efficient than the retired coal plant. In addition, the new plant's carbon dioxide emissions are 60 percent lower (per megawatt hour), sulfur dioxide emissions are 99 percent lower, and nitrogen oxides emissions are 40 percent lower than the coal plant's emissions. Mercury emissions have been eliminated.

Duke Energy also has retrofitted two units at its coal-fired Rogers Energy Complex near Cliffside, North Carolina, enabling the power plant to burn a combination of natural gas and coal – rather than coal only – to reduce carbon dioxide and other emissions.

A similar natural gas retrofitting project has been completed on one unit (and is underway on a second unit) at Duke Energy's Belews Creek Steam Station, a coal-fired power plant in Stokes County, North Carolina. Natural gas retrofitting work also is underway at the company's Marshall Steam Station, a coal-fired power plant in Catawba County, North Carolina.

In addition, Duke Energy in 2019 continued expansion work at its Lincoln Combustion Turbine Station, a natural gas-fired power plant near Denver, North Carolina. The company is adding a new unit that will

significantly increase the plant's electricity output, particularly during periods of high customer demand. When fully operational in 2024, the new unit will be about 34 percent more efficient than the plant's 16 existing units.

Meanwhile, legal and regulatory work on another natural gas project – the proposed Atlantic Coast Pipeline – continues. The approximately 600-mile underground natural gas pipeline, partly owned by Duke Energy, would start in West Virginia and traverse Virginia and eastern North Carolina before ending in Robeson County, North Carolina.

The pipeline's natural gas would be used in Virginia and North Carolina to fuel power plants and industrial facilities, heat homes and businesses, support local economic development, and ensure that natural gas utilities have enough natural gas to meet growing customer demand.

Additional court and regulatory rulings related to the pipeline's review and approval process are expected in 2020.

Strong Results for Shareholders and Value for Customers

In 2019, Duke Energy achieved adjusted earnings per share of \$5.06, delivering 7 percent growth for the year. It was a strong year for Duke Energy – the company met its commitments to customers, advanced its long-term strategy and exceeded growth expectations.

Our electric, gas and commercial renewables businesses all experienced growth in 2019, which was helped by base rate increases in the Carolinas and Florida, customer growth in our gas businesses and new renewables projects placed in service.

In 2019, the company issued \$2 billion in preferred stock and priced \$2.5 billion in equity. These proactive steps strengthened the balance sheet, paving the way for a substantial increase in our five-year capital plan, significantly increasing the earnings potential of the company to the benefit of our communities and shareholders.

Financial Highlights

December 31, 2019

(In millions, except per share data)¹

	2017	2018	2019
Total operating revenues	\$23,565	\$24,521	\$25,079
Income from continuing operations	\$3,070	\$2,625	\$3,578
Reported basic and diluted earnings per share (GAAP)	\$4.36	\$3.76	\$5.06
Adjusted basic and diluted earnings per share (Non-GAAP)	\$4.57	\$4.72	\$5.06
Dividends declared per share	\$3.49	\$3.64	\$3.75
Total assets	\$137,914	\$145,392	\$158,838
Long-term debt including capital leases, less current maturities	\$49,035	\$51,123	\$54,985

¹ See Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2019, for detailed notes and further explanations.

Earnings per share

(in dollars) ■ Reported Diluted ■ Adjusted Diluted



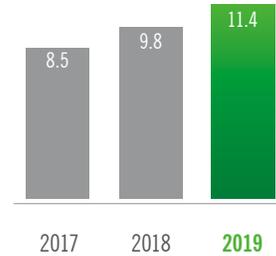
Dividends declared per share

(in dollars)



Capital and investment expenditures

(dollars in billions)



Given 2019 results and our revised capital plan, the company announced on February 13, 2020 its 2020 adjusted earnings per share guidance range of \$5.05 to \$5.45, with a midpoint of \$5.25 per share – and extended its long-term growth rate of 4 to 6 percent through 2024.

Duke Energy remains committed to offering an attractive, long-term value proposition to its shareholders. 2020 marks the company's 94th consecutive year paying a dividend to its investors, and Duke Energy grew the dividend 2 percent in 2019. The company's dividend yield continues to be one of the highest in the industry.

Duke Energy completed two green bond issuances – one for Duke Energy Progress and another for Duke Energy Florida, bringing total green bond issuances to \$2.3 billion across the company. The funds will finance eligible green energy projects – including zero-carbon solar and energy storage.

Duke Energy's total shareholder return – measured as the change in stock price plus the reinvestment of dividends – for 2019 was 10.3 percent. The company is proud of the returns it is delivering to investors but also recognizes this lagged peer utilities.

Despite providing investors with clarity around key issues in 2019 – such as balance sheet strength and coal ash basin closure progress – Duke Energy's total shareholder return was not as strong as many peer utilities due to uncertainties around coal ash closure cost recovery in the Carolinas and the Atlantic Coast Pipeline. We expect to achieve more clarity on these uncertainties in 2020 and 2021.

Looking longer term, Duke Energy is confident in its underlying business fundamentals and strategy, which are underpinned by the outstanding communities we serve. We are focused on delivering strong, long-term returns for our shareholders and providing industry-leading service to our customers for years to come.