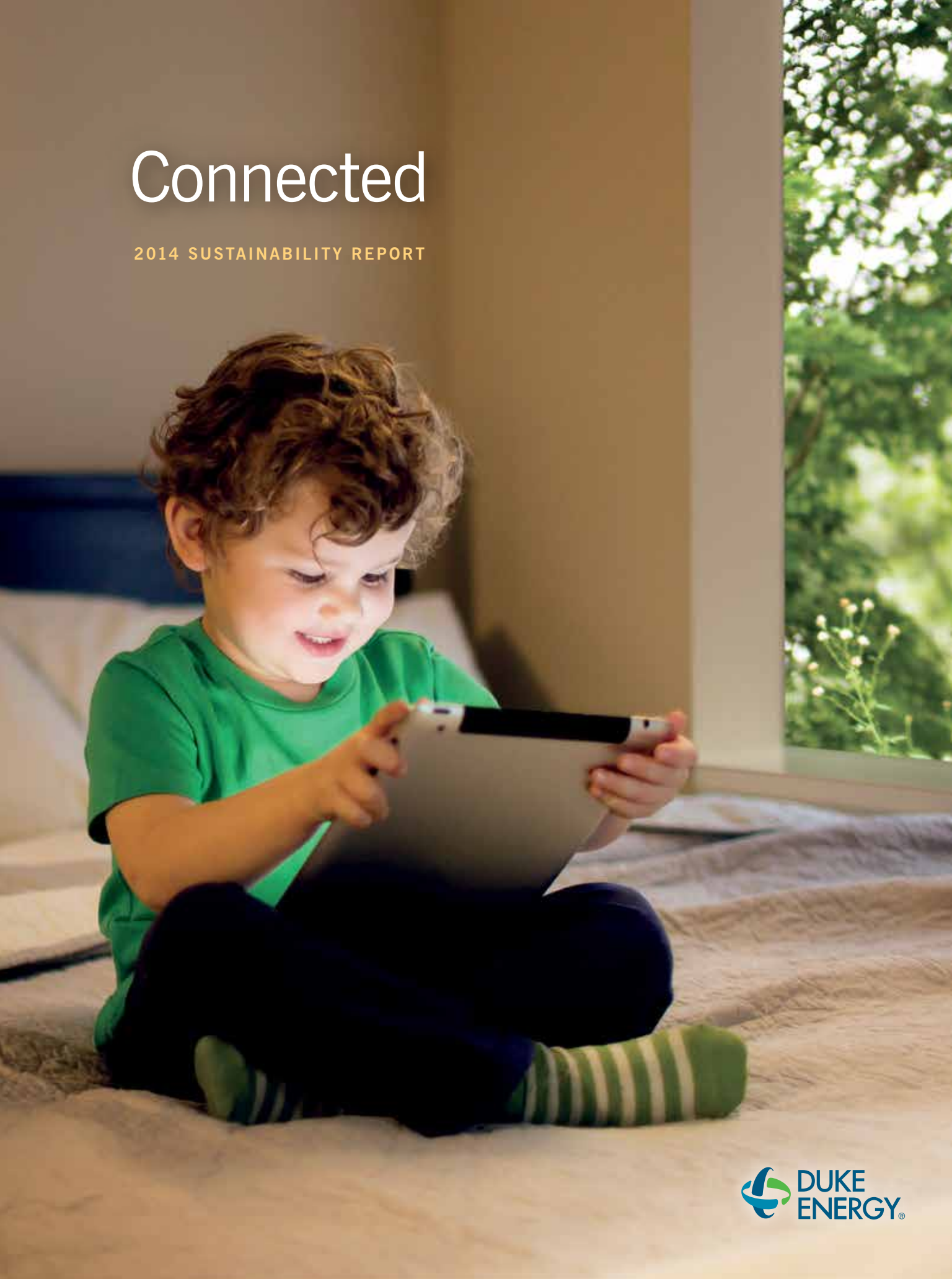


Connected

2014 SUSTAINABILITY REPORT

DUKE ENERGY®

DUKE ENERGY®

It's all connected: Creating long-term value. Focusing on sustainable growth by achieving operational excellence. Meeting stakeholder expectations.

\ Our Culture \

Safety • Customer Focus • Trust • Accountability • Agility • Collaboration

Shawn Heath | Vice President and Chief Sustainability Officer

2014 Recognitions

- For the ninth consecutive year, Duke Energy was named to the 2014 Dow Jones Sustainability Index for North America.
- Corporate Knights named Duke Energy to its 2014 "Global 100 Most Sustainable Corporations" list with a rank of No. 47.
- The Southeastern Corporate Sustainability Rankings named Duke Energy No. 11, the top-ranked utility, among the "2014 Top 100 Sustainable Companies."
- The Newsweek Green Rankings, "America's Greenest Companies," ranked Duke Energy No. 159 (No. 6 in our industry).
- Daily Worth named Duke Energy No. 16 in its 2014 "25 Best Companies for Women."

Contents

About This Report

You'll see some changes in our Sustainability Report this year. Lynn Good, who became vice chairman, president and chief executive officer in 2013, has defined her vision for what's important to Duke Energy as we move forward on "The Road Ahead."

This includes a renewed focus on our customers and the communities we serve, employee engagement and development, and operational excellence in all we do. We are striving to excel in performance, safety and environmental stewardship, and last but not least, growing and adapting our business to the changing energy landscape. These commitments are all connected – together they are how we will meet the present and future expectations of our stakeholders.

With this report, we've reorganized our sustainability goals from the five areas we've had in the past to the four focus areas we now have as a corporation – reflecting that sustainability is woven into all we do at Duke Energy. What's not changed is our narrative that highlights Duke Energy success stories and challenges from the past year.

In 2014, we worked with internal management and external stakeholders to examine the issues that are most important for us. As a result, we've narrowed our list of issues so that we are reporting on what truly matters most.

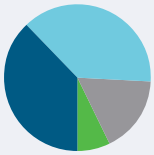
We also recognize there is an interest in corporations tying it all together to better explain the sustainability implications of our business model. So we're debuting our "Value Creation" chart, showing the major resources and processes we use in our business to create value.

As always, we have online and print versions of this year's report. You can also find a detailed index to the Global Reporting Initiative on our website. And please review Duke Energy International's Sustainability Report, which is available at duke-energy.com.

Duke Energy At A Glance

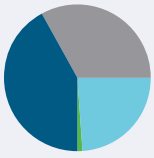
REGULATED UTILITIES

Generation Diversity (percent owned capacity)[1]



38% Natural Gas/Fuel Oil
38% Coal
17% Nuclear
7% Hydro and Solar

Generated (net output gigawatt-hours (GWh))[2]



42% Coal
33% Nuclear
24% Natural Gas/Fuel Oil
1% Hydro and Solar

Customer Diversity (in billed GWh sales)[2]

34% Residential
31% General Services
21% Industrial
14% Wholesale/Other

Regulated Utilities consists of Duke Energy's regulated generation, electric and natural gas transmission and distribution systems. Regulated Utilities generation portfolio is a balanced mix of energy resources having different operating characteristics and fuel sources designed to provide energy at the lowest possible cost.

Electric Operations

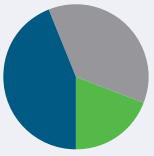
- Owns approximately 49,600 megawatts (MW) of generating capacity
- Service area covers about 95,000 square miles with an estimated population of 23 million
- Service to approximately 7.3 million residential, commercial and industrial customers
- 262,900 miles of distribution lines and a 32,400-mile transmission system

Natural Gas Operations

- Regulated natural gas transmission and distribution services to approximately 500,000 customers in southwestern Ohio and northern Kentucky

COMMERCIAL POWER

Generation Diversity (percent owned capacity)[1]



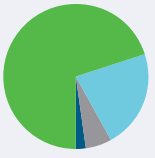
44% Natural Gas
37% Coal
19% Renewable

Duke Energy entered into a purchase and sale agreement with Dynegy under which Dynegy bought Duke Energy's nonregulated Midwest Commercial Generation Business, which includes ownership interests in 11 power plants, and Duke Energy Retail, the company's competitive retail business in Ohio. The transaction closed in April 2015. Commercial Power owned, operated and managed power plants and engaged in the wholesale marketing and procurement of electric power, fuel and emission allowances related to these plants as well as other contractual positions.

- Owned and operated a balanced generation portfolio of approximately 5,900 net MW of power generation (excluding wind and solar generation assets)[3]
- Duke Energy Renewables currently has more than 1,800 MW of wind and solar energy in operation (pie chart excludes 442 MW, which are from equity investments), and has a significant pipeline of development projects

INTERNATIONAL ENERGY

Generation Diversity (percent owned capacity)[1]



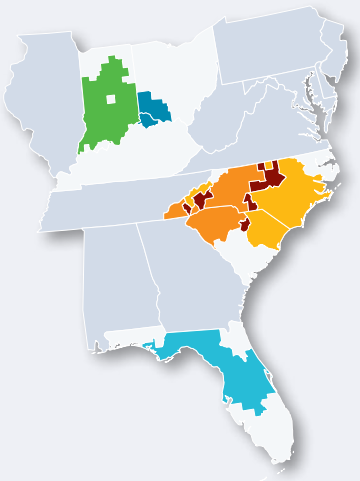
70% Hydro
22% Fuel Oil
6% Natural Gas
2% Coal

International Energy operates and manages power generation facilities and engages in sales and marketing of electric power and natural gas outside the U.S. International Energy's activities target power generation in Latin America. International Energy also has an equity investment in National Methanol Co., a Saudi Arabian regional producer of MTBE, a gasoline additive.

- Owns, operates or has substantial interests in approximately 4,300 net MW of generation facilities
- Approximately two-thirds of International Energy's generating capacity is hydroelectric

[1] As of December 31, 2014.
[2] For the year-ended December 31, 2014.
[3] The company announced in August 2014 it has agreed to sell its nonregulated Midwest Commercial Generation Business to Dynegy.

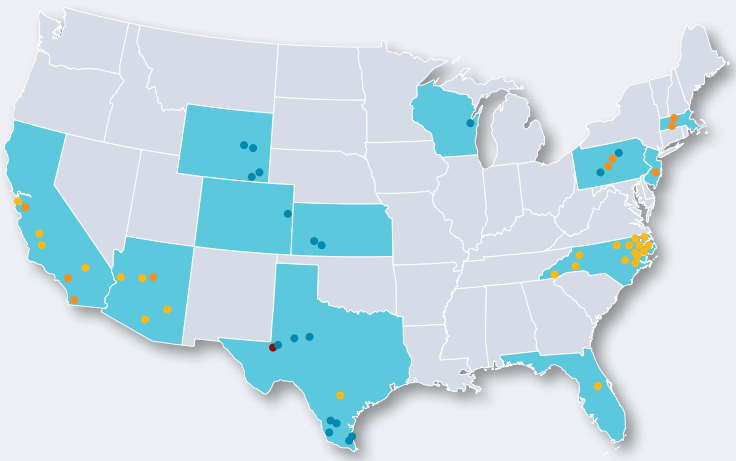
Maps Of Operations



SERVICE TERRITORIES

Counties Served

- Duke Energy Indiana
- Duke Energy Ohio/Kentucky
- Duke Energy Progress
- Duke Energy Carolinas
- Overlapping Territory
- Duke Energy Florida



RENEWABLE ENERGY PROJECTS

Solar and Wind

- Solar Power Projects
- Wind Power Projects
- Battery Storage Facility
- INDU Solar Projects

INTERNATIONAL OFFICES AND ASSETS

- Office
- Fuel Oil
- Natural Gas
- Coal
- Hydro

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

Safety

Safety is our No. 1 priority

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.

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 CO_2 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

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,

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

April 17, 2015

Sustainability

We're making significant CO_2 emission reductions

How Duke Energy Creates Value – 2014

Duke Energy strives for long-term business success. It's important that stakeholders understand how we use financial, natural and human resources to create the value investors, employees, customers and communities expect.

And it's all connected. The value Duke Energy creates for investors also benefits customers and employees. We must simultaneously be stewards of the natural resources we rely on today, and move forward to promote cleaner generation in the future.

To ensure long-term sustainability, Duke Energy must be a good neighbor. That's how the company will retain the trust of stakeholders. A clean, healthy natural environment, successful communities and strong financial performance – that's how it all works together.

Our Value Creation Model >

Major Resources

Production of electricity requires coal, natural gas and other materials extracted from the earth. The company also needs water to produce electricity at hydroelectric facilities – and cooling water for fossil fuel and nuclear plants. About 98 percent of the water Duke Energy uses is returned to streams and rivers. But the company does consume water – about 93 billion gallons in 2014.

Electricity production also requires employees who make all parts of the business work. Duke Energy is committed to recruiting and retaining the right mix of skill sets to ensure the long-term sustainability of our operations. Employees are also properly trained and focused on Duke Energy's No. 1 priority – safety.

Evolving Business Model

Duke Energy's goal is to produce and deliver reliable and cost-effective energy to homes and businesses. But customer expectations and technologies are changing. People are seeking ways to more actively manage their energy consumption. As distributed generation, programmable thermostats, plug-in electric vehicles and energy storage become more accessible, customers will demand that Duke Energy be more nimble to deliver these services. Communication systems are changing from one-way to two-way. High-tech electric meters are able to move information quicker – and help the company respond faster.

Helping our customers increase their energy efficiency is also part of the company's evolving business model. In the past, the company made money on how much power it sold. The new business model is a combination of selling electricity and saving it for customers.

Value Created

Putting a value on the electricity and natural gas Duke Energy sells is easy. Add up all the energy bills in 2014 and the company's total revenue was around $24 billion. It's harder to put a price on what that energy is really worth – it powers the economy like no other commodity.

Duke Energy also supports communities with the taxes it pays, as well as through philanthropic contributions and employee volunteerism.

Investors also receive value from Duke Energy in the form of growth, dividends and interest payments.

Salaries, health insurance subsidies and retirement benefits provide support to more than 28,000 employees who work at Duke Energy. They, like the vendor companies the company uses, play their own part in supporting the communities in which they live and work. The value Duke Energy creates isn't limited to power generation – it's a steady stream from many areas. It's not a simple story, but it's a story with impact.

Our Value Creation Model

Major Resources

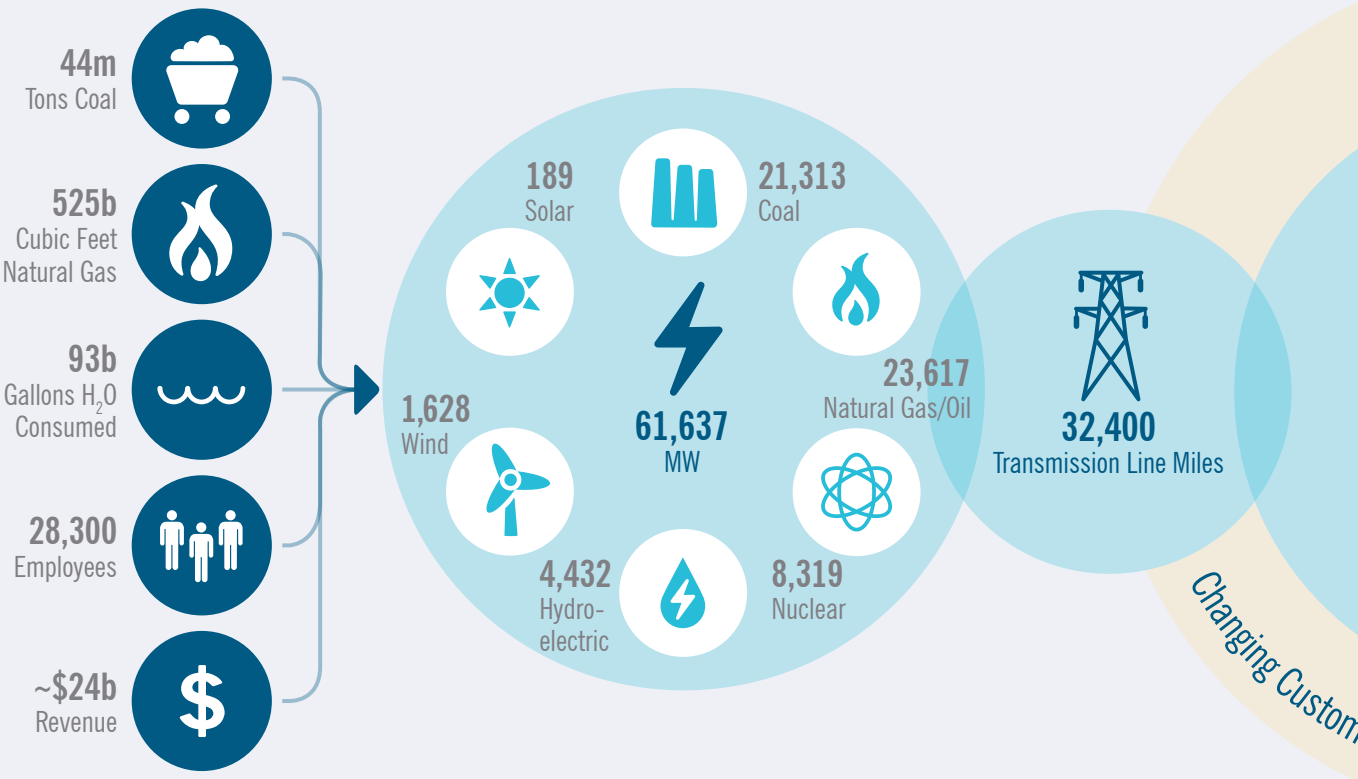
Creating value starts with the basics – the staples of a good energy company.

Evolving Business Model

As technology and customer expectations change, Duke Energy must change with them.

Data and Communication

Customers want more information more quickly.



Generation

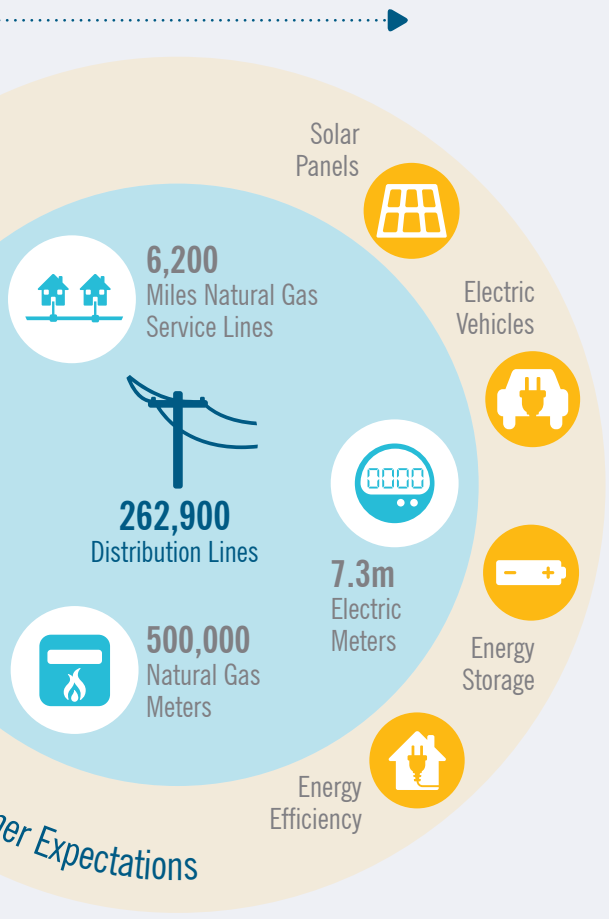
Our diverse energy mix is one of Duke Energy's strong points.

Transmission

Moving electricity from power plants to customers – a vital part of Duke Energy.

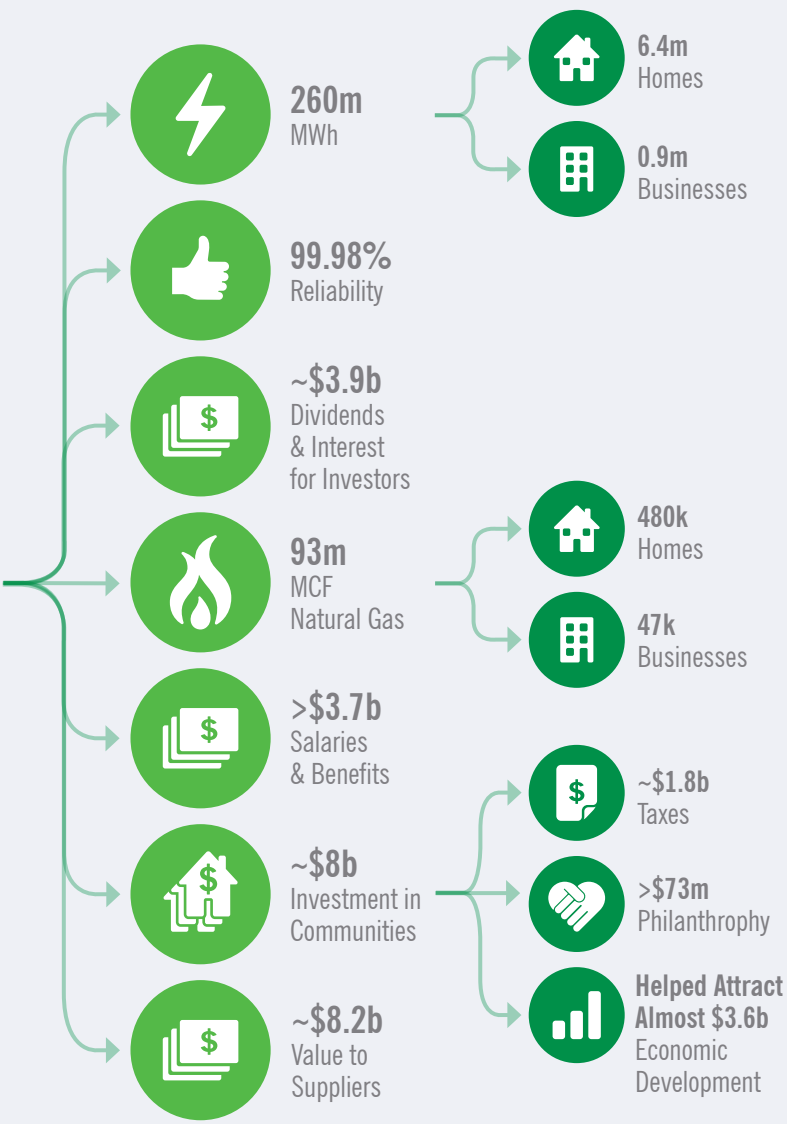
Value Created

Powering lives, supporting people and fueling the economy.



Distribution

New technologies mean Duke Energy must adjust how it delivers to customers – it's not one-size-fits-all.



The information presented here is meant to provide an overview of Duke Energy and is not meant to be precise or inclusive of all the company's inputs and outputs. Please see the 2014 Duke Energy Annual Report Form 10-K for detailed notes and further explanations of financial information and this Sustainability Report for more social and environmental information.

Stakeholder Engagement And What Matters Most

The safety and well-being of our employees, customers and communities is at the heart of who we are and what we do.

What Matters Most

In late 2013, Duke Energy began reviewing the company's list of 29 important issues: "What Matters Most."

Surveys were developed and administered to external stakeholders and company management. Meetings were then held to gain further insights on the results. External stakeholders told the company how important each issue was to them. Duke Energy leaders weighed in on the impact each issue could have on the company and its stakeholders.

The safe operation of our system and the well-being of our employees, customers and communities are always our highest priorities. However, the relative importance of other issues varied among stakeholder groups. What was a high priority to some wasn't as important to others. Since all stakeholders are important, we think that any attempt to prioritize and force rank the important issues wouldn't accurately reflect these varied interests.

Also, the list of 29 issues included a combination of broad categories – such as "water quality" – and narrowly defined industry issues – such as "mountaintop removal coal mining" – which created some redundancy across the list and confusion for stakeholders. This insight enabled the company to consolidate some of the topics for purposes of characterizing the most important issues for Duke Energy.

The latest "What Matters Most" list is comprised of 16 issues. Each is important to stakeholders and to the company. The graphic depicts the relationship among Duke Energy, its stakeholders and these important issues as overlapping circles within circles. Both the stakeholder groups and the issues are arranged alphabetically to make clear they are all important and interconnected while safety, as always, is number one.

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KEY

- Our Stakeholders
- What Matters Most

What Matters Most

Our Sustainability Plan And Goals

1 Customers

Improve the lives of our customers and vitality of our communities.

GOALS:

- **Affordable Energy:** Maintain rates lower than the national average.

2014 Status: Duke Energy's rates were lower than the national averages for the three customer categories (residential, commercial and industrial) in all six states we serve.

- **Energy Efficiency:** Achieve a cumulative reduction in customer energy consumption of 15,000 GWh (equivalent to the annual usage of 1.25 million homes) by 2020.

2014 Status: As of year-end 2014, energy consumption was reduced by more than 8,000 GWh.

- **Energy Efficiency:** Achieve a cumulative reduction in peak demand of 4,800 MW (equivalent to eight 600-MW power plants) by 2020.

2014 Status: As of year-end 2014, peak demand was reduced by nearly 3,800 MW.

Potential changes in state energy efficiency requirements may have an impact on our future energy efficiency goals.

- **Charitable Giving:** Continue to engage key community partners to measure the number of lives positively affected by our grants.

2014 Status: We continued our engagement with community partners to measure our impact on communities. Through this engagement we evaluated 10 of our most significant recent grants, totaling over $530,000, and learned that over 680,000 lives are being positively affected by the projects these grants support.

New Goal: During 2015, develop and launch a strategic philanthropy and volunteerism initiative for our communities and employees.

- **Community Leader Ratings:** During 2014, conduct a community leader study across all of our service territories, to establish baseline performance.

2014 Status: The Community Leader Study was launched and achieved relatively high response rates. Community Leaders reported overall satisfaction ratings in the 80-95% range for all Duke Energy jurisdictions but Florida (72%). Results showed high satisfaction with our reliable service and community support activities. Areas for improvement included environmental performance and the need for more proactive communications with the communities served.

2 Growth

Grow and adapt the business and achieve our financial objectives.

GOALS:

- **Economic Development:** Stimulate growth in our communities and help attract at least 40,000 jobs and $10 billion in capital investments from 2013 to 2017.

2014 Status: Since 2013, Duke Energy helped our communities attract more than 25,000 jobs and over $6.5 billion in capital investments to our service territories.

- **Total Shareholder Return (TSR):** Outperform other investor-owned utilities in TSR, annually and over a three-year period, as measured by the Philadelphia Utility Index (UTY).

2014 Status: Duke Energy achieved a TSR of 26.4%, slightly below the UTY return of 28.9%. Over three years, our TSR was 13.1%, outperforming the UTY's 12.5%.

- **Renewables:** Own or contract 6,000 MW of wind, solar and biomass by 2020.

2014 Status: As of year-end 2014, Duke Energy owned or had under contract more than 3,000 MW of wind, solar and biomass.

- **Governance:** Keep abreast of developments regarding corporate governance principles and recommend internal improvements as appropriate.

2014 Status: In 2014, Duke Energy made these improvements in corporate governance practices:

- Established ability for shareholders to take action by less than unanimous written consent
- Established ability for shareholders to call a special shareholder meeting
- Implemented a shareholder engagement program
- Put systems in place for robust governance of political activities

- **Transparency:** Achieve top-quartile performance in disclosure, as measured by Bloomberg Environmental, Social and Governance (ESG) Disclosure Scores for our industry.

2014 Status: As of December 15, 2014, Duke Energy had a Bloomberg ESG Disclosure Score of 66.8, the highest score among our peer U.S. utilities.

PROGRESS KEY

- Achieved or on track
- Currently not on track
- Goal not achieved

Additional content online at sustainabilityreport.duke-energy.com.

3 Operations

Excel in safety, operational performance and environmental stewardship.

GOALS:

● **Safety:** Achieve zero work-related fatalities.

2014 Status: Tragically, three employees and one contractor lost their lives on the job in 2014.

● **Safety:** Achieve top-decile safety performance in employee Total Incident Case Rate (TICR) by 2015.

2014 Status: We improved employee TICR to 0.58 in 2014 from 0.62 in 2013, and were in the top decile of our industry peers in 2013 (when latest industry data were available).

● **Reliable Energy:** During 2014, maintain the high reliability of our generation fleet with a nuclear capacity factor of at least 93.3%, regulated fossil commercial availability of at least 86.5%, and nonregulated fossil commercial availability and renewables yield of at least 92.0%.

2014 Status: The generation fleets performed well, consistently meeting customer demand, but did not achieve these aggressive goals. Nuclear capacity factor improved to nearly 93.2%, up from 2013, but just shy of the goal. Regulated fossil commercial availability improved to 85.9%, and nonregulated fossil commercial availability and renewables yield was 88.9%.

● **Reliable Energy:** During 2014, maintain the high reliability of our distribution system with an average number of outages* of 1.15 or less, and an average time without power* of 126 minutes or less.

2014 Status: Average number of outages was 1.13, and average time without power was 123 minutes.

* Outages longer than 5 minutes, per customer

● **Carbon*:** Reduce or offset carbon dioxide (CO_2) emissions from our generation fleet 17% from 2005 emissions by 2020 (i.e., go from 169 million tons in 2005 to 141 million tons in 2020).

2014 Status: Our generation fleet emitted about 138 million tons of CO_2, lower than our 2020 goal for the third straight year. Current forecasts indicate that CO_2 emissions could slightly exceed 141 million tons in 2020.

● **Carbon*:** Reduce the carbon intensity (pounds of CO_2 emitted per net kilowatt-hour (kWh) of electricity produced) of our generation fleet from 1.28 in 2005 to 0.94 by 2020.

2014 Status: Generation carbon intensity increased from 1.05 in 2013 to 1.06 in 2014.

* We plan to reassess our carbon goals in 2015 based on U.S. EPA regulations.

● **Solid Waste:** Increase the percentage of solid waste that is recycled from 69% in 2013 to 80% in 2018. (This goal excludes Duke Energy International and Duke Energy Renewables.)

2014 Status: Approximately 71% of solid waste produced was recycled.

● **Coal Ash Management:** During 2014: 1) conduct an engineering review of the company's ash management practices to identify potential opportunities for improvement, and 2) develop a long-term strategy to manage the closure of coal ash basins across our system.

2014 Status: The engineering review was completed. A proposed long-term closure strategy was developed, with implementation subject to regulatory approval.

New Goal: Develop detailed engineering closure plans for all coal ash sites by mid-2016.

4 Employees

Develop and engage employees and strengthen leadership.

GOALS:

● **Employee Engagement:** Maintain management and employee engagement scores of 75% and 65%, respectively, or higher, measured by favorable responses to survey questions.

2014 Status: Management and employee engagement were 79.4% and 72.3%, respectively.

New Goal: Develop tools to support performance accountability through greater emphasis on effective performance management.

New Goal: Advance the focus on diversity hiring, retention, and increasing diversity in the leadership pipeline.

Improve the lives of our customers and vitality of our communities

2014 Highlights

- Created the $10 million Carolinas Water Resources Fund to support projects benefiting waterways and communities in the Carolinas and downstream from Duke Energy's Carolinas operations
- Since 2006, more than 57,900 customers across 96 communities have received energy efficiency improvements through the Residential Neighborhood and Neighborhood Energy Saver programs

Challenges

- Improve customer satisfaction by demonstrating our commitment to improving their experience with the company

Opportunities

- Develop more programs that give our customers greater control, choice and convenience

Offering Convenience, Choice And Control Through Energy- And Money-Saving Customer Programs

Weather highs and lows in 2014 demonstrated the importance of the energy efficiency programs we offer to help customers save energy and money.

Since 2006, more than 57,900 customers across 96 communities have received energy efficiency improvements through our Residential Neighborhood and Neighborhood Energy Saver programs.

Replacing inefficient light bulbs continues to be a simple way to curb energy use while reaping environmental benefits. We have distributed nearly 61 million energy-efficient bulbs throughout our service areas. That's enough energy saved to power nearly 192,000 homes and offset the carbon output of 352,000 passenger cars. Lighting savings are just a click away for select customers through the online Duke Energy Savings Store and free compact fluorescent light (CFL) program for eligible residential customers.

Customers in Ohio can now manage their home energy use anytime, anywhere through the new HoM™ Energy Manager system. Eligible customers get free installed Internet-accessible thermostats and a mobile application, which programs their thermostats securely from a PC, tablet or smart phone. They can also see their energy-use history, get customized tips to help save energy and more.

Options to make adoption of energy-saving habits seamless and affordable are also available to Duke Energy's business and institutional customers through turnkey outdoor lighting solutions, energy assessments, incentive rebates and other programs.

More information about energy- and money-saving programs are available in the "Save Energy & Money" section of duke-energy.com.

Now Showing: Energy Efficiency On Tour At A School Near You

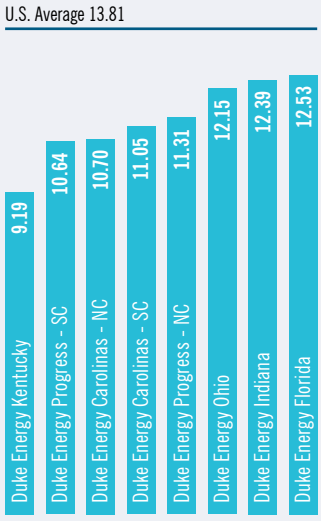
For the fourth consecutive year, Duke Energy's Energy Education in Schools program taught thousands of middle and elementary school students across the company's service territories how and why to use energy wisely.

Drawing on zany characters and improvisational comedy, the program's centerpiece is a live theatrical production delivered by professional actors to students in kindergarten through eighth grade. Every student who attends a performance also receives a workbook of project-based assignments, including take-home work designed to engage parents.

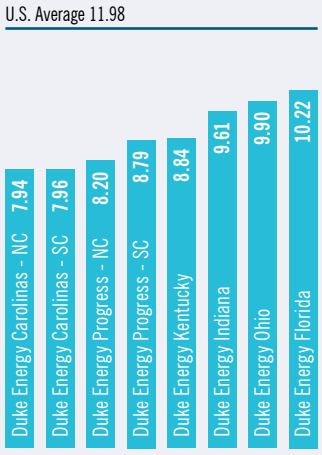
DUKE ENERGY'S REGULATED RATES

In effect as of July 1, 2014 (cents per kilowatt-hour)

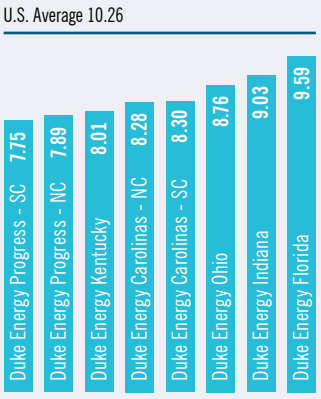
Residential



Commercial



Industrial



Notes: Residential typical bill based on 1,000 kWh per month usage. Commercial typical bill based on 40 kW demand and 14,000 kWh per month usage. Industrial typical bill based on 1,000 kW demand and 400,000 kWh per month usage.

Source: Edison Electric Institute Typical Bills and Average Rates Reports, Summer 2014 (latest available). The effective date of the base rate increase for Duke Energy Carolinas (South Carolina) occurred after July 1, 2014, therefore the source does not reflect that 2.6% increase.

Lloyd Yates | Executive Vice President, Market Solutions; President, Carolinas

Parents are encouraged to participate by ordering a free energy efficiency starter kit. By requesting the kit, families and schools are automatically entered into a contest for a chance to win cash prizes.

We have partnered with The National Theatre for Children since 2011 to offer this free program.

Schools in North Carolina, South Carolina, Ohio and Kentucky served by Duke Energy have been eligible to participate. More than 1 million students across these service areas have seen a performance since the program was launched.

In the spring of 2015, Energy Education in Schools will expand to include Duke Energy Progress in the eastern parts of North Carolina and South Carolina and the company's service areas in Indiana.

Satisfaction Scores Improve; Rankings Still Sluggish

Although customer satisfaction scores mostly improved in 2014, Duke Energy's rankings were mixed, with many lower than acceptable to us. Events such as the Dan River coal ash spill and billing system problems had an effect on the rankings.

2014 CHARITABLE GIVING[1]

$73.4m	$26.5m	$35.2m	$6.8m	$4.8m
TOTAL CHARITABLE GIVING	Duke Energy Foundation	Other company cash contributions and in-kind[2] gifts and services	Cash contributions from employees and retirees	Estimated value of volunteers' time

1 Total does not add up exactly because of rounding.
2 Payment made in the form of goods and services instead of money.

\ Connected \
Customers Come First

"At Duke Energy, we are determined to focus on operational excellence. Whether it's responding to a power outage or handling a routine phone call, customers need and expect us to be there and deliver. We also need to see our business through the customer lens – devising products and services to better meet what people want from Duke Energy. It's our challenge to create more customer-focused solutions that lead to a better overall service experience. I am excited by that opportunity."

Business customers: Large business customers continue to give Duke Energy high marks for the service they receive, with 90 percent "highly satisfied" with Duke Energy as their utility.

Overall satisfaction scores improved for all four Duke Energy companies in the 2015 J.D. Power business survey – but no Duke Energy company placed higher than third quartile nationally.

- Duke Energy Carolinas was up 12 points to a score of 678.
- Duke Energy Midwest was up 10 points to 676.
- Duke Energy Progress was up 8 points to 672.
- Duke Energy Florida was up 12 points to 667, its highest score in more than seven years.

This study rates companies on six factors: power quality and reliability, billing and payment, corporate citizenship, price, communications and customer service.

Residential customers: More than 80 percent of our residential customers were highly satisfied with their service from Duke Energy. But satisfaction scores were mixed across our four operating companies in the J.D. Power residential survey. Again, no Duke Energy company finished in the top quartile nationally.

- Duke Energy Midwest was up 13 points to 644, placing it in the second quartile nationally among all large utilities.
- Duke Energy Carolinas was down 15 points to 641, landing in the third quartile nationally.
- Duke Energy Progress was down 3 points to 637, also finishing in the third quartile nationally.
- Duke Energy Florida reversed a three-year upward trend, falling 10 points to 610 and placing it in the fourth quartile nationally.

$10 Million Investment To Benefit Communities By Protecting Waterways

Duke Energy is dedicated to being a good neighbor and is committed to protecting, improving and restoring waterways – we know high-quality rivers, streams and lakes are important to the long-term success of communities.

The company created the Duke Energy Water Resources Fund and is investing $10 million for projects benefiting waterways in the Carolinas and downstream from Duke Energy's Carolinas operations.

"Our new Water Resources Fund reflects Duke Energy's commitment to serving our local communities and producing and delivering energy in ways that protect the health of the environment," said Lynn Good, Duke Energy's vice chairman, president and chief executive officer.

The fund includes a $1.5 million designation for projects in the Dan River Basin Region. These projects can benefit waterways or help develop the region's economic and community vitality.

Regional nonprofit and local government partners with relevant projects are eligible for funding. The fund is managed by the North Carolina Community Foundation. Project selection and funding decisions are made by a committee composed of Duke Energy representatives and external environmental experts from universities and communities in the Carolinas.

Safer, Brighter Streets For The University Of Cincinnati

What travels faster than a speeding bullet, shines bright like the Bat Signal and swoops down from the sky to deter crime? Not a superhero – rather it's the super power of vivid, crisp, white light from new light-emitting diode (LED) streetlights in Cincinnati, Ohio.

UC Lighting Project
LED lighting makes the University of Cincinnati community safer and brighter.

(Before) upper photo, (After) lower photo.

\ Connected \
Growing The Electric Grid

"I see the electric grid growing in importance over the next several years. Duke Energy will invest billions of dollars to develop advanced systems to identify and solve issues faster and provide customers with better and more timely information. The grid must not only be more efficient, it must also be more resilient. In today's world, the threat of cyberattacks and physical attacks must not stop the grid from doing its No. 1 job: Powering the lives of our customers."

Duke Energy teamed with the city and its namesake university to improve street lighting around the urban campus. This was part of the University of Cincinnati's strategy to increase visibility and, ultimately, foster a safer community.

Duke Energy's outdoor lighting specialists worked to understand the needs of the city and university, and developed a far-reaching plan to significantly reshape the community's profile after dark.

In 2014, we replaced 158 high-pressure sodium (HPS) streetlights with LEDs, and installed an additional 186 LED fixtures around campus. A second phase of the project is being planned, with the potential to install or add 380 more LEDs in 2015.

The benefits are clear: Compared to HPS fixtures and bulbs, LEDs consume less energy, have a longer life expectancy, provide better light coverage and color and reduce glare. Combined with other initiatives, the new LED streetlights will help the University of Cincinnati meet its safety goals and positively impact the university's students, faculty and staff and the surrounding community.

Volunteerism
Duke Energy employees giving time to their communities is a common sight

A Needed Assist To Power Our Communities

At the core of Duke Energy's culture is giving back. Charitable giving increased in 2014, exceeding $73 million. Community support included funding from the Duke Energy Foundation, company donations, employee and retiree gifts, and the value of volunteer hours.

The Duke Energy Foundation reviews funding requests at the regional level and targets investments in areas where we believe the company can have the greatest impact on the well-being of our communities. Among them:

- Education – STEM and early childhood literacy
- Economic and workforce development
- Environment
- Community impact and cultural enrichment

Our Employees And Retirees Give Generously

Employees and retirees continue to step up. In 2014, they increased individual donations giving over $6.8 million. As a result of these contributions the Duke Energy Foundation matched $5 million to support their giving, including:

- Matching gifts for employee and retiree donations to qualifying nonprofit organizations increased by 22 percent from 2013
- Matching funds for employee donations as result of Duke Energy's United Way and community arts campaigns totaled over $2 million
- Volunteer grants to support employee and retiree projects ranging from environmental sweat equity projects to grants supporting employees serving in leadership positions on local boards

Our energy assistance programs help those in need cope with extreme heat and cold.

In 2014:

- In the Midwest, the company contributed about $1.2 million to three programs to assist low-income customers with winter heating bills – HeatShare in Ohio, WinterCare in Kentucky and Helping Hand in Indiana.
- In the Carolinas and Florida, the Duke Energy Foundation contributed nearly $2.5 million to similar programs. Share the Warmth and the Energy Neighbor Fund help low-income families with winter heating bills. Another program, Cooling Assistance, assists handicapped, elderly and low-income customers.

Keith Trent | Executive Vice President, Grid Solutions, President, Midwest and Florida Regions

Strengthening Supplier Diversity

Duke Energy makes sure diverse suppliers know which doors to knock on and how to establish sustainable relationships with the company. Not only that, Duke Energy shows other utilities how to do the same.

In 2014, Duke Energy held business summits in Ohio and South Carolina – bringing together diverse suppliers and utilities to lay the foundation for how suppliers can succeed in the energy industry. Duke Energy held smaller forums in Indiana and Florida. These forums open new doors for women-, minority- and veteran-owned businesses as well as businesses in Historically Underutilized Business Zones – highlighting their products and services to potential customers within Duke Energy and other utilities.

The end result is a better educated, diverse business community that has an understanding of the energy industry. Other utilities are also encouraged to adopt similar strategies that have been successful at Duke Energy.

Duke Energy's supplier diversity initiatives received several recognitions in 2014, including:

- The 2014 Edison Electric Institute's Supplier Diversity Innovator of the Year Award
- The Central North Florida Minority Supplier Development Council's CEO of the Year Award – accepted by Duke Energy Florida State President Alex Glenn

DIVERSE SUPPLIER SPENDING (IN MILLIONS)

	2010	2011	2012	2013	**2014**
Spending with Tier I diverse suppliers[1]	$398	$487	$725	$691	**$578**
Spending with Tier II diverse suppliers[2]	$167	$211	$212	$212	**$412**
Total	$565	$698	$937	$903	**$990**

1 Tier I represents direct purchases from diverse suppliers.

2 Tier II consists of diverse businesses working with Tier I suppliers and are reported like subcontractors to Duke Energy.

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 RATINGS[1]

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			
	2012	2013	**2014**[1]	**Scales**
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.

3 Operations

Excel in safety, operational performance and environmental stewardship

2014 Highlights

- Decreased both our Total Incident Case Rate (TICR), which we use to compare our safety performance to that of other large utilities, and OSHA recordable injuries in comparison to 2013
- The nuclear fleet's capacity factor exceeded 90 percent for the 16th straight year

Challenges

- Develop and implement detailed plans for closing ash basins that meet stakeholder expectations while also complying with state and federal requirements
- Ensure safe operations in all aspects of our business to prevent additional fatalities; ensure all our employees and contractors make it home safely every night and ensure public safety

Opportunities

- Increase our focus on operational excellence to reduce environmental impacts and increase efficiency

Safety: When Numbers Don't Tell The Whole Story

Numbers don't always tell the whole story. When you look at our injury rate, 2014 was our best year on record for decreasing our TICR, which we use to compare our safety performance to that of other large utilities. We also decreased OSHA recordable injuries by 11 percent from 2013.

However, Chris Dasher, Mike Davis, Keith Jester and David Pate – all Duke Energy colleagues – lost their lives on the job last year. We will continue to investigate and understand why accidents occur, and learn from these experiences to prevent situations that might result in serious injuries or fatalities, near-miss events and operational errors in the future.

2014 was one of the worst years we've experienced in fatalities. We must do better.

Every day, many of our teammates work to address hazardous situations by managing risks to provide essential services to our customers and communities. In 2015, every member of our team will work harder to make sure every teammate, whether employee or contractor, returns home to his or her family every day. This will take resolve, tenacity and courage.

We must remember every day why we are here – to deliver an energy experience our customers value and trust. People count on us to be safe, and nothing will take precedence over that.

We must be proactive in identifying risks and taking action before injuries occur to our employees and contractors, using the tools and processes in place to do so.

We can't turn back the clock, but as a company, we will work together to make 2015 truly the best ever for safety. See page 30 for our 2014 safety statistics.

Climate Change

Duke Energy supports climate change policies that will result in reductions in greenhouse gas (GHG) emissions at achievable rates over time while balancing impacts to our customers' rates, the economies of our service territories and the reliability that our customers count on.

We have taken a number of significant actions that have reduced our CO_2 emissions. Clean, innovative, natural gas plants are being built and many older, less efficient generating units have been retired (with plans to close more in the future). The company also offers its customers a variety of energy efficiency and conservation programs to help them reduce their electricity consumption in a cost-effective manner. In addition, Duke Energy continues to add wind and solar power to its generation portfolio.

The U.S. Environmental Protection Agency (EPA) has proposed regulating CO_2 from new, existing and modified or reconstructed fossil fuel plants

Ben Carter | Welding and High Energy Pipe Engineer

under section 111 of the Clean Air Act (referred to as the Clean Power Plan). Duke Energy thinks that creating a national energy policy would best be accomplished through comprehensive federal legislation, rather than a regulatory approach like the one proposed in the EPA's Clean Power Plan.

Duke Energy established voluntary carbon reduction goals in 2010. The goals – which were updated in the company's 2012 Sustainability Report after the merger between Duke Energy and Progress Energy – reflect Duke Energy's aspiration to reduce or offset the company's generation fleet CO_2 emissions by 17 percent below its 2005 level by 2020. Duke Energy achieved this level of emission reduction earlier than anticipated. However, the company's current forecasts suggest it will experience a gradual increase in CO_2 emissions in the years ahead as the economy continues to recover and the demand for electricity increases. Fluctuations in fuel prices could also contribute to increased emissions.

Duke Energy will continue to be actively engaged in the development of the EPA's CO_2 regulations with the focus on outcomes that are in the best interest of customers and shareholders. The company will also continue to modernize its generation fleet and implement technologies to improve efficiency, which will help continue to lower CO_2 emissions.

\ Connected \
Insulation Gets More Sustainable

Every five to seven years, the Mayo Plant in North Carolina inspects welds on the plant's high-temperature piping.

That means taking off the calcium silicate insulation that covers 1,100 feet of piping to inspect welds – making sure the piping will continue to operate safely.

Ben Carter, high-energy piping engineer, noticed a problem over subsequent outages. The traditional calcium silicate insulation crumbled when removed, preventing it from being used again. So after seeing dozens of industrial dumpsters haul away old insulation, he started thinking.

"There had to be a better way," he said. "We were sending too much to the landfill."

Carter's idea was to use a new blanket-type material for the piping insulation. Piping located inside the plant used a similar product, but it was necessary to modify the installation for piping that was located outdoors. The selected product worked just as well as the old material – was 15 percent less expensive and could be reused after removal. No waste … no dumpsters heading to the landfill.

So far, the concept is working well. The coal-fired plant will continue to test the material for the next two years. If successful, the Mayo Plant will share the technique with other Duke Energy plants.

The end result could be a less expensive and more sustainable way to install insulation at power plants.

Dhiaa Jamil | Executive Vice President and President, Regulated Generation

Marshall's New Train
Higher efficiency, reduced emissions – the future of coal-carrying locomotives

Nuclear: Present And Future

Throughout 2014, Duke Energy's nuclear fleet consistently delivered clean, safe, reliable energy to customers – whether during record heat or arctic cold. The nuclear fleet set a net generation record in 2014 with its 11 operating units producing 87,031,325 megawatt-hours (MWh) of electricity, compared to the previous record in 2009 of 86,128,459 MWh.

Operating at six sites in the Carolinas, our 11 reactors set a combined capacity factor of 93.18 percent in 2014. This marked the 16th straight year the fleet achieved a capacity factor greater than 90 percent. This high rate of availability keeps a steady supply of power flowing to serve customers.

The three units at Oconee Nuclear Station collectively set an all-time capacity factor record during the year at 94.73 percent. Catawba Nuclear Station Unit 1 and McGuire Nuclear Station Unit 2 completed continuous-day operating runs of 493 and 474 days, respectively.

To meet future electricity demands, Duke Energy continues to pursue combined construction and operating licenses (COLs) from the U.S. Nuclear Regulatory Commission for the Lee Nuclear Station in Cherokee County, South Carolina and a plant in Levy County, Florida.

Duke Energy Reduces Emissions, Fuel Use With New Coal-Carrying Locomotives

After 50 years of using locomotives to haul coal by rail, Duke Energy has retired three of its older locomotives, replacing them with high-efficiency units that are expected to cut emissions at some of the company's largest power plants.

The new locomotives are now operating at three facilities in North Carolina: Marshall Steam Station, Asheville Plant and Mayo Steam Plant.

The new locomotives meet 2015 EPA air quality standards. When compared with emissions from the older trains, the new ones reduce nitrogen oxide and carbon dioxide emissions by 75 percent. The machines are quieter, can work by remote control, and are safer and easier to operate. Instead of taking 20 minutes to crank up, they each take about 30 seconds.

The Marshall locomotive was purchased with the help of a $200,000 grant from the Clean Fuel Advanced Technology project at North Carolina Solar Center, a project focused on reducing transportation-related emissions in North Carolina counties that have air quality concerns. The others were acquired without assistance.

By mid-2015, four more locomotives will be purchased for other facilities – two for Belews Creek, one for Plant Allen and another for Marshall Steam Station. All meet 2015 EPA Standards.

\ Connected \
A Challenging Year

"The past year challenged Duke Energy. Tragically, three Duke Energy employees and a contractor died on the job. Beginning with the ash spill at Dan River in North Carolina, the year continued with additional challenges at our facilities – environmental, operational and safety-related. As regrettable as these events were, they became a trigger for our company – driving us to take unprecedented actions to sharpen our focus on how we operate our business."

More Power; No Emissions Increase

Wouldn't it be great if Duke Energy could increase the output from its natural gas plants with no increase in emissions?

That's what happened last year when a system upgrade at the Buck Combined Cycle Station in North Carolina improved mass air flow through the machine – resulting in an almost 8 percent output increase.

Overall, 26 MW of new power capacity were generated. That's enough power to serve close to 25,000 homes.

The upgrade also extended the time between maintenance intervals – meaning the plant can be on line for longer periods. Buck is one of the most cost-effective plants on the system. It operates more than 80 percent of the time. The more it is available to be on line, the better it is for customers.

Another positive part of the upgrade is that carbon dioxide emissions from the plant have stayed basically the same from its pre-upgrade levels.

So is Duke Energy expecting to do this again? Yes. The Dan River Combined Cycle Station in North Carolina, built in 2012, is slated to have the same upgrade in 2015. In fact, this type of design may be a permanent part of new gas-fired stations built in the future.

More power with no extra emissions. That's a winner for everyone involved.

COAL PLANT RETIREMENTS

Retired Coal Units[1]

	Location	Units	Total capacity (megawatts)	Actual retirement date
Cliffside Steam Station	N.C.	1, 2, 3, 4	198	2011
Buck Steam Station	N.C.	3, 4	113	2011
Edwardsport Generating Station	Ind.	6, 7, 8	160	2011
W.H. Weatherspoon Plant	N.C.	1, 2, 3	177	2011
Gallagher Generating Station	Ind.	1, 3[2]	280	2012
Cape Fear Plant	N.C.	5, 6	316	2012
Beckjord Station	Ohio	1	94	2012
Dan River Steam Station	N.C.	1, 2, 3	276	2012
H.F. Lee Plant	N.C.	1, 2, 3	382	2012
Robinson Plant	S.C.	1	177	2012
Buck Steam Station	N.C.	5, 6	256	2013
Riverbend Steam Station	N.C.	4, 5, 6, 7	454	2013
Sutton Plant	N.C.	1, 2, 3	575	2013
Beckjord Station	Ohio	2, 3	222	2013
Beckjord Station	Ohio	4, 5, 6	543	2014
W.S. Lee Steam Station	S.C.	1, 2	200	2014
Total			**4,423**	

Potential Coal Unit Retirements

	Location	Units	Total capacity (megawatts)	Potential retirement date
Wabash River Generating Station	Ind.	2, 3, 4, 5, 6	668	Retire 2-5 by 2016; suspend 6 by 2016
W.S. Lee Steam Station	S.C.	3	170	Convert to natural gas or retire by 2015
Miami Fort Station	Ohio	6	163	2015
Crystal River Energy Center	Fla.	1, 2	873	2018
Total			**1,874**	

TOTAL ACTUAL/POTENTIAL RETIREMENTS 6,297

1 In addition to the coal unit retirements, a number of older oil/natural gas generation units have been or will be retired.

2 Per 2009 settlement agreement with EPA.

Safety At Duke Energy

	2011	2012	2013	**2014**
Employee and contractor work-related fatalities	3	2	3	**4**
Employee Total Incident Case Rate (TICR) [1, 2]	0.70	0.69	0.62	**0.58**
Employee Lost Workday Case Rate (LWCR) [1, 3]	0.22	0.20	0.20	**0.17**
Contractor Total Incident Case Rate (TICR) [2]	1.37 [4]	1.60 [4]	1.27 [5]	**1.05** [5]
Contractor Lost Workday Case Rate (LWCR) [3]	0.32 [4]	0.38 [4]	0.28 [5]	**0.28** [5]

1 Includes both employees and workforce augmentation contractors.
2 Number of recordable incidents per 100 workers (based on OSHA criteria). Top decile in 2013 for employee TICR was 0.62 (based on the latest data available from the Edison Electric Institute).
3 Number of lost workday cases per 100 workers.
4 Data represent turnkey contractors for pre-merger Duke Energy.
5 Systems to gather turnkey contractor safety data are being implemented. Data represent approximately 75% and 80% of turnkey contractors in 2013 and 2014, respectively.

Preserving And Protecting Water Resources

Duke Energy relies on water for energy production. In 2014, the company's water consumption was about 357 gallons per net MWh of electricity produced. In the states Duke Energy serves, the average household uses from 10.74 to 13.56 MWh per year (1), which equates to about 3,834 to 4,841 gallons of water per year.

While water consumption for energy production is significant, it is only part of a family's water use. The average family of four uses about 400 gallons of water a day, or 146,000 gallons a year, for household purposes (2). Much of this household water returns to the source, but typically, approximately 23 percent is consumed (3).

Duke Energy is fortunate to operate its U.S. power plants in areas with sufficient water resources. This may not always be the case, so the company is protecting and preserving water resources through power plant modernization, energy efficiency efforts and other innovative strategies.

In North Carolina and South Carolina, Duke Energy worked with stakeholders to establish the Catawba-Wateree Water Management Group, a nonprofit corporation composed of 18 regional public water suppliers and Duke Energy, which developed a basin-wide Water Supply Master Plan. Through implementation of conservation measures and improved drought management, the plan will extend water supplies for decades beyond current projections. As of March 2015, 15 of the 18 members have adopted nonbinding resolutions in support of the plan.

This collaborative and forward-thinking approach to managing the region's water supply ensures the sustainability of water resources for a growing region while meeting energy production needs.

1 U.S. Energy Information Administration
2 U.S. EPA Watersense
3 U.S. EPA Water Use Information

Permanent Solutions Being Crafted For Ash Management

After the Dan River coal ash spill in February 2014, Duke Energy has been busy accelerating plans to close basins across the system and working aggressively to improve the company's coal ash management practices.

The company performed a comprehensive engineering review of its ash basins to ensure the system continues to operate safely and to inform initial closure strategy recommendations.

Duke Energy is also working rapidly to close all 32 ash basins at its 14 North Carolina facilities in time to meet aggressive state deadlines of five to 15 years. The EPA also finalized a federal coal ash rule, which directs additional work in North Carolina and across the rest of the company's service area.

Already, the company has filed specific plans to excavate ash from Asheville Steam Plant, Dan River Steam Station, Riverbend Steam Station and Sutton Steam Plant – all in North Carolina – and the W.S. Lee Steam Station in South Carolina. Duke Energy will safely recycle the ash or relocate it to a lined facility.

Site-specific engineering continues at other plants to transform initial closure strategies to the detailed engineering closure plans required by the new federal rule.

The company produced about 3.5 million tons of ash in 2014 across its coal fleet and manages about 280 million tons in ash basins, landfills and other storage units. About 48 percent of the ash produced was recycled in concrete products or used as fill material.

The company also formed a National Ash Management Advisory Board – an independent panel of experts – to help guide Duke Energy's strategy around permanent coal ash disposal solutions.

Ash: Proposed settlement reached with U.S. government

In February 2015, Duke Energy announced it had reached a proposed agreement with the U.S. government that, if approved, would close the federal investigation into the company's Dan River coal ash spill and ash basin operations at other North Carolina coal plants.

The agreement identified nine misdemeanor violations of the Clean Water Act in connection with the spill and unauthorized discharges at various Duke Energy plants. The company is addressing each of the issues through facility improvements or new permitting.

Among the major provisions of the settlement:

- It requires Duke Energy Carolinas and Duke Energy Progress to pay a total of $68.2 million in fines and restitution and $34 million for community service and mitigation. These payments will be borne by shareholders, not customers.
- It also includes a five-year probationary period with a court-appointed monitor to ensure compliance with all provisions.

Reliable power is one of the highest priorities for Duke Energy and its customers. Despite some wild weather, including harsh arctic cold that pushed customer demand for power to historic levels in Duke Energy's Midwest and Carolinas service territories, power reliability remained high and continued its improving performance trend over the past three years.

Outage Statistics

	2011	2012	2013	**2014**	2014 Target
Average number of outages [1, 2] (occurrences)	1.30	1.19	1.14	**1.13**	1.15
Average time without power [1, 2] (minutes)	142	126	121	**123**	126

1 Outages with a duration greater than 5 minutes; statistics are reported per customer.
2 Lower numbers indicate better performance.

Generation

Duke Energy's diverse generation fleet capably met our customers' demand in 2014, but did not meet aggressive internal reliability improvement targets.

Nuclear fleet capacity factor, a measure of generation reliability, improved from 92.8 percent in 2013 to 93.2 percent in 2014, and exceeded 90 percent for the 16th consecutive year. The regulated fossil fleet also improved commercial availability performance slightly, from 85.7 percent in 2013 to 85.9 percent in 2014.

The combined, nonregulated fossil and renewables fleets' commercial availability and renewables yield slipped from 91.9 percent in 2013 to 88.9 percent in 2014. Duke Energy Renewables availability metric, Energy Yield, improved to 96.0 percent in 2014 from 93.9 percent in the prior year.

Generation Reliability

	2011	2012	2013	**2014**	2014 Target
Nuclear capacity factor [3]	93.7%	90.4%	92.8%	**93.2%**	93.3%
Regulated fossil commercial availability [4]	87.8% [5]	86.5% [5]	85.7%	**85.9%**	86.5%
Nonregulated fossil commercial availability and renewables yield [4]	88.9%	92.9%	91.9%	**88.9%**	92.0%

3 Crystal River Unit 3 is not included in these statistics, because 2009 was the last year it operated.
4 Based on units operated by Duke Energy and ownership share.
5 Former Progress Energy fossil plants, all regulated, are excluded because different measures were used to track their reliability performance before 2013. A common reliability measure for the entire regulated fossil fleet was used starting in 2013.

Diesel Fuel Released Into The Ohio River

In August 2014, almost 9,000 gallons of diesel fuel were released into the Ohio River during a routine transfer of fuel at the W.C. Beckjord Station in Ohio.

Federal and state environmental response agencies, along with the U.S. Coast Guard, were promptly notified. The Northern Kentucky Water District and Greater Cincinnati Water Works were also notified, which allowed them to take appropriate action to ensure no impacts to public drinking water.

A Unified Command Post was established at the plant and was operational for five days. The company worked closely with the U.S. Environmental Protection Agency, U.S. Coast Guard, Ohio Environmental Protection Agency, Kentucky Department for Environmental Protection and local agencies in response to the spill.

The collaboration of the different agencies during the cleanup proved to be invaluable. Three vessels deployed about 2,000 feet of oil-containment booms to contain and help collect the oil.

Cleaning The Springs

The Kings Bay spring system is a vital cultural and economic resource for the state of Florida. Located near Crystal River, Kings Bay forms one of the largest group of springs in Florida and generates the headwaters of the Crystal River.

The system is a national wildlife refuge, serving as the largest winter refuge for manatees on the Florida Gulf Coast. It is a popular ecotourism destination and has been designated an Outstanding Florida Water by the state.

Now, there will be more fresh water for the springs thanks to a unique partnership between a power plant and a wastewater treatment plant. The city of Crystal River will send up to 750,000 gallons per day of reclaimed water to Duke Energy's Crystal River Energy Complex where it will be used for industrial purposes.

Redirecting reclaimed water to Duke Energy rather than discharging it into a spray field will reduce the amount of nutrients reaching the spring area by an estimated 28 percent. Additionally, the reclaimed water will offset groundwater usage by 0.75 million gallons per day initially. In the future, that may grow to 1.5 million gallons per day. Both efforts will increase freshwater resources flowing into Kings Bay.

Protecting our springs and natural waterways is vital to preserving Florida's natural resources. Together, a Duke Energy power plant and a wastewater treatment plant are doing just that.

Turtle Diary: Slow And Steady Winner

At the Brunswick Nuclear Plant in North Carolina, employees began working on how to prevent turtles from slipping past the plant's protective barrier on the Cape Fear River.

The plant was averaging 11 stranded turtles a season, with Brunswick's sea turtle recovery program making sure they were rescued and returned to the river.

Then employees began to attack the root of the problem – how to stop turtles from getting past the barrier in the first place.

A maintenance program that shortened the time the barrier was lifted and provided easier and more frequent inspections to identify holes turtles could slip through has shown great results.

In 2012, the plant had 23 sea turtles slip past the barrier. In 2014 … zero. That result is a win for the company and sea turtles alike.

East Bend Refocuses On Recycling

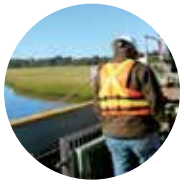
Nothing beats face-to-face communication when you're trying to change behavior.

Case in point: After an outage at the East Bend Generating Station in Kentucky, station management noticed a lot of recyclable materials in the trash bins. The station had a recycling program, but many contractors working the outage were not aware of it.

For the next maintenance outage, the station brought extra recycling bins on site and placed them in contractor offices and work areas. In addition, an extra dumpster was placed in the recycling storage area.

The specifics of the recycling program were rolled out during the all-hands safety meeting that kicked off the outage. The contract workforce was receptive and willing to help out.

The results were worth bragging about. After the outage was completed, nearly 11,000 pounds of recyclables were collected. That's about eight open-top (30-cubic-yard) dumpsters. That focus on recycling also saved the company more than $1,000 in landfill fees.



Sea Turtles
Protecting sea turtles at Brunswick Nuclear Plant

2014 Electricity Generated (Net MWh)[1]

	United States		Latin America		Total	
	MWh (thousands)	Percent	MWh (thousands)	Percent	MWh (thousands)	Percent
Coal	102,831	42.1%	411	2.6%	103,242	39.7%
Natural gas	65,875	26.9%	719	4.5%	66,594	25.6%
Oil	322	0.1%	1,500	9.5%	1,822	0.7%
Total fossil	169,028	69.1%	2,630	16.6%	171,658	65.9%
Nuclear	67,809	27.7%	0	0.0%	67,809	26.0%
Conventional hydro	2,885	1.2%	13,241	83.4%	16,126	6.2%
Wind	5,212	2.1%	0	0.0%	5,212	2.0%
Solar	265	0.1%	0	0.0%	265	0.1%
Total carbon-free	76,171	31.2%	13,241	83.4%	89,412	34.3%
Pumped-storage hydro[2]	(732)	-0.3%	0	0.0%	(732)	-0.3%
Total	244,467	100.0%	15,871	100.0%	260,337	100.0%

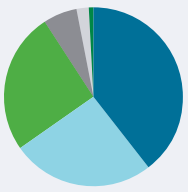
1 All data based on Duke Energy's ownership share of generating plants. Totals may not add up exactly because of rounding.
2 Pumped-storage hydro helps meet peak demand and, like other storage technologies, consumes more energy than it produces.

2014 Generation Capacity (MW)[3]

	United States		Latin America		Total	
	MW	Percent	MW	Percent	MW	Percent
Coal	21,230	37.1%	83	1.9%	21,313	34.6%
Natural gas	7,617	13.3%	280	6.5%	7,897	12.8%
Oil	609	1.1%	956	22.0%	1,565	2.5%
Natural gas/oil	14,155	24.7%	0	0.0%	14,155	23.0%
Total fossil	43,611	76.1%	1,319	30.4%	44,930	72.9%
Nuclear	8,319	14.5%	0	0.0%	8,319	13.5%
Conventional hydro	1,410	2.5%	3,022	69.6%	4,432	7.2%
Solar	189	0.3%	0	0.0%	189	0.3%
Wind	1,628	2.8%	0	0.0%	1,628	2.6%
Total carbon-free	11,545	20.1%	3,022	69.6%	14,567	23.6%
Pumped-storage hydro[4]	2,140	3.7%	0	0.0%	2,140	3.5%
Total	57,296	100.0%	4,341	100.0%	61,637	100.0%

3 All data based on Duke Energy's ownership share of generating plants. Wind and solar include equity interests in generating assets. Totals may not add up exactly because of rounding.
4 Pumped-storage hydro helps meet peak demand and, like other storage technologies, consumes more energy than it produces.

2014 Electricity Generated*

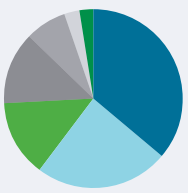


39.7% Coal
26.0% Nuclear
25.6% Natural gas
6.2% Conventional hydro
2.1% Wind/solar
0.7% Oil

* Pumped-storage hydro, which totaled -0.3%, consumes more energy than it produces. Totals may not add up exactly because of rounding.

Over one-third of the electricity we generated in 2014 was from carbon-free sources, including nuclear, hydro, wind and solar. Over 25% of our generation was from natural gas, which emits about half as much carbon dioxide as coal when used for electric generation. Duke Energy Renewables sells the electricity and/or RECs it generates to its customers.

2014 Generation Capacity*



34.6% Coal
23.0% Natural gas/oil
13.5% Nuclear
12.8% Natural gas
7.2% Conventional hydro
2.9% Wind/solar
2.5% Oil

* Pumped-storage hydro, which totaled 3.5%, consumes more energy than it produces. Totals may not add up exactly because of rounding.

Duke Energy has a diverse, increasingly clean generation portfolio.

Fuels consumed for U.S. electric generation
Since 2008, use of coal and oil as generation fuels has significantly decreased. These have been replaced primarily by natural gas, mostly because it became a relatively less expensive fuel and we added natural gas generation capacity.

Water withdrawn and consumed
Water withdrawn is the total volume removed from a water source, such as a lake or a river. Because of the once-through cooling systems on many of our coal-fired and nuclear plants, about 98 percent of this water is returned to the source and available for other uses. Water consumed is the amount of water removed for use and not returned to the source.

Emissions from generation
Emissions levels and intensities depend on many factors, including generation diversity and efficiency, demand for electricity, weather, fuel availability and prices, and emission controls deployed. Since 2005, our U.S. carbon dioxide (CO_2) emissions decreased by 19%, sulfur dioxide (SO_2) emissions decreased by 85% and nitrogen oxides (NO_x) emissions decreased by 64%. Reasons for these decreases include the addition of pollution control equipment, decreased coal generation, increased natural gas generation, and replacement of higher-emitting plants. There is currently no demonstrated commercially available technology to control CO_2 emissions from fossil-fueled generation.

Fuels Consumed For U.S. Electric Generation[5]

	2008	2012	2013	**2014**
Coal (million tons)	63.1	44.2	43.6	**44.0**
Oil (million gallons)	230.6	44.6	41.2	**53.6**
Natural gas (billion cubic feet)	163.4	452.5	501.2	**525.3**

5 All data based on Duke Energy's ownership share of generating plants.

Water Withdrawn And Consumed (billion gallons)

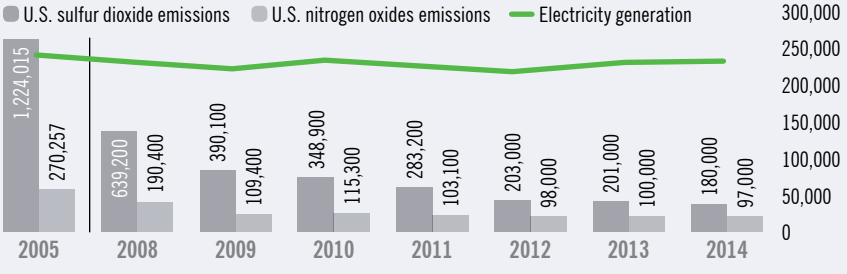
	2010	2011	2012	2013	**2014**
Withdrawn	6,100	5,900	5,700	5,665	**5,799**
Consumed	113	105	100	106	**93**

Emissions From Generation[6]

	2008	2012	2013	**2014**
CO_2 emissions (thousand tons)[7]				
■ **U.S.**	160,100	131,700	133,615	**135,289**
■ **Latin America**	2,700	3,100	2,500	**2,265**
Total	162,800	134,800	136,115	**137,555**
Total CO_2 emissions intensity (pounds per net kWh)	1.34	1.08	1.05	**1.06**
U.S. SO_2 emissions (tons)[8]	639,200	203,000	201,000	**180,000**
U.S. SO_2 emissions intensity (pounds per net MWh)	5.3	1.8	1.7	**1.5**
U.S. NO_x emissions (tons)[8]	190,400	98,000	100,000	**97,000**
U.S. NO_x emissions intensity (pounds per net MWh)	1.6	0.8	0.8	**0.8**

6 Totals may not add up exactly because of rounding.
7 CO_2 reported from Duke Energy's U.S. electric generation and Duke Energy International operations, and based on ownership share of generating plants. Duke Energy Renewables sells the electricity and/or RECs it generates to its customers.
8 SO_2 and NO_x reported from Duke Energy's U.S. electric generation based on ownership share of fossil-fueled plants.

U.S. Sulfur Dioxide And Nitrogen Oxides Emissions (tons)[9] And U.S. Electricity Generation (Net MWh) (thousands)



9 SO_2 and NO_x reported from Duke Energy's U.S. electric generation based on ownership share of fossil-fueled plants.

U.S. Toxic Release Inventory (TRI) (thousand pounds)[10]

	2007	2011	2012	**2013**
Releases to air	97,969	27,423	20,723	**22,400**
Releases to water	257	140	133	**131**
Releases to land	22,052	17,490	14,297	**12,449**
Off-site transfers	155	2,876	3,100	**2,924**
Total	120,434	47,929	38,253	**37,904**

10 Data pertain to facilities Duke Energy owns or operates and where Duke Energy is the responsible reporting party. Totals may not add up exactly because of rounding.

U.S. Toxic Release Inventory (TRI)
Duke Energy's TRI releases for 2013 were down nearly 69% from 2007, primarily because of the significant investments we've made in environmental controls for our power plants (data for 2014 will be available in August 2015).

Waste

	2010	2011	2012	2013	**2014**
U.S. solid waste					
■ **Total generated** (tons)[11]	38,651[12]	43,586[12]	46,964[12]	84,083[13]	**85,490**[13]
■ **Percent recycled**	63%	64%	73%	69%	**71%**
Hazardous waste generated (tons)[14]	48	55	36	51	**48**
Low-level radioactive waste (Class A, B and C) generated (cubic feet)[15]	129,608	78,200	84,403	88,994	—

11 Weights are estimated based on volumes where necessary.
12 Excludes Duke Energy Progress, Duke Energy Florida, Duke Energy Generation Services, Duke Energy International and large one-time projects.
13 Excludes Duke Energy International, Duke Energy Renewables and large one-time projects.
14 Excludes Duke Energy International.
15 Total of Class A, B, and C waste disposal as reported to the Nuclear Regulatory Commission. Crystal River Unit 3 is not included in these statistics, because it is not part of the operating fleet, and its retirement has been announced. Data for 2014 will be available later in 2015.

Waste
We are on track to increase the percentage of solid waste that is recycled from 69% in 2013 to 80% in 2018. (This goal excludes Duke Energy International and Duke Energy Renewables.)

Reportable Oil Spills

	2010	2011	2012	2013	**2014**
Spills	108	91	48	65	**26**
Gallons	28,700	20,300	10,800	4,823	**12,006**

Reportable oil spills
Oil spills include releases of lubricating oil from generating stations, leaks from transformers, or damage caused by weather or by third parties (typically because of auto accidents).

Environmental Regulatory Citations[16]

	2010	2011	2012	2013	**2014**
Citations	25	25	16	16	**33**
Fines/penalties (dollars)	$ 326,416	$ 14,682	$ 128,562	$1,006,935	**$236,058**

16 Includes international and U.S. federal, state and local citations and fines/penalties.

Environmental regulatory citations
Fines/penalties were relatively large in 2013 because of the November 2013 settlement agreement addressing golden eagle fatalities at wind power facilities. See the "Migratory Bird Settlement Agreement" article in the 2013 Sustainability Report.

4 Employees

Develop and engage employees and strengthen leadership

2014 Highlights

- Began a new Employee Resource Group for our military veterans
- Received national recognition as one of the top companies in the nation for women

Challenges

- Ensure knowledge transfer as our baby boomers retire and we hire new employees

Opportunities

- Increase our bench strength by continuing to increase diversity in the workplace

Academy at Purdue
A pilot program in 2012, The Duke Energy Academy at Purdue is now a "go-to" destination for high school students and teachers.

A Great Place To Work

Women comprise nearly 23 percent of Duke Energy's workforce, more than 19 percent of senior management and 40 percent of the executive leadership team. Duke Energy is being recognized nationally as one of the top companies for women.

In 2014, the company ranked No. 16 on Daily Worth's List of the 25 Best Companies for Women. Internal strategies like leadership development programs for women, business networking opportunities, telecommuting and flex time caught the financial website's attention.

Ernst & Young's "Talent at the Table: Index of women in power and utilities" concluded that Duke Energy offers more opportunity to women than any other of the industry's largest 100 companies worldwide.

In Fortune magazine, CEO Lynn Good was ranked No. 13 among the Most Powerful Women in Business.

Employee Care Ensures A Healthier Workforce

A popular program called Employee Care, which began in Florida in 2011, has proven to be both popular and successful in helping keep our employees healthy and on the job.

It started with one nurse and has since expanded to two, placing them in key areas of the state to personally offer first aid to employees with minor workplace injuries – like sprains, strains or cuts. By addressing these injuries early, employees receive proper treatment quickly – and often times more appropriately than from off-site facilities.

The program is catching on. Employees like the on-site care and the treatment often prevents minor cuts and sprains from becoming bigger issues later – some of which could lead to complications or lost workdays.

In fact, employees are starting to use the service for nonwork health concerns and advice. It's a normal outgrowth of Employee Care and one the company embraces. Proper treatment and good advice helps all concerned.

In 2014, Employee Care began expanding to other areas of Duke Energy. Today, there are nurses in the Carolinas and the Midwest. In 2015, the program is expected to expand even further.

Molding The Company's Future Workforce

Starting as a pilot program in 2012 with just 38 participants, The Duke Energy Academy at Purdue University in West Lafayette, Indiana, has quickly grown to become one of the state's most talked-about summer learning programs for high school juniors and seniors, as well as teachers.

The intensive week-long program has a two-fold purpose: inspire students to enter the science, technology, engineering and math (STEM) disciplines and consider energy-related career

Peter Larkins | "Together We Stand for Our Veterans" Chair

fields; and inspire teachers while providing resources for them to communicate the importance of STEM disciplines to their students.

In a competitive application process, 27 teachers and 53 students were selected for the June 2014 academy from a pool of over 280 applicants. (For 2015, 400 applications have been received – interest in the program keeps growing!) A grant from the Duke Energy Foundation allowed participants to attend the academy at no cost to them; teachers also received a small cash stipend.

Through lectures, tours, hands-on projects and creative fun, the academy's participants engaged in a wide range of energy-related learning opportunities. They designed wind turbine blades and solar farms; simulated smart grid supply and demand dynamics; and performed experiments related to photovoltaic thin film, batteries, biofuels, fuel cells, waste heat power generation and nuclear fuel. One big highlight – a tour of the company's Cayuga coal-fired generating station.

Teachers also collaborated with Purdue faculty to create 18 lesson plans on energy topics, which are available online at no charge at purdue.edu/discoverypark/energy/energyacademy/.

Said one teacher: "I feel like I have a better understanding of the behind-the-scenes workings of … coal power plants and wind farms."

And from a student: "(The academy) was the best week of my life, making new friends and learning so much … my expectations were blown away."

\ Connected \ Together We Stand

Peter Larkins is quick to tell you the transition from military life to the business world is not always easy.

A former Marine officer, Larkins has been with Duke Energy for seven years and considers it a great place to work. Now, he's on a new mission: helping other former military personnel find employment at Duke Energy. Larkins is the chair of "Together We Stand for Our Veterans" – a new Employee Resource Group (ERG) at Duke Energy.

"Together We Stand" provides support and networking opportunities for servicemen and servicewomen, as well as relatives of those who serve. In addition, the group assists Human Resources with their military recruitment efforts. During 2014, around 10 percent of the company's new hires self-identified as veterans.

"When you go from a very structured culture to one with more choices, it can be a tough move for some," said Larkins. "'Together We Stand' allows members to bond with each other and build relationships that can ease that transition and promote satisfaction."

Larkins recognizes the importance of retaining quality employees.

"It's not enough just to hire former military personnel," he said. "You have to create a culture that is welcoming to employees. Those who served in the military have a lot to give. We must create a culture that brings out those talents."

Overall, Duke Energy has seven ERGs, celebrating the differences among employees from all backgrounds as it seeks to foster an inclusive work environment.

Workforce Statistics

	12/31/12	12/31/13	**12/31/14**
Full- and part-time employees	27,885	28,129	**28,344**
■ United States	26,691	26,883	**27,099**
■ International	1,194	1,246	**1,245**
Collective bargaining unit/union members as percent of workforce			
■ U.S. (members of a collective bargaining unit)	21.7%	21.0%	**19.6%**
■ International (dues-paying members of a union)	25.2%	26.7%	**24.4%**

U.S. Workforce Demographics [1]

	12/31/12	12/31/13	**12/31/14**
Ethnic diversity as percent of workforce			
■ White	84.7%	85.4%	**85.2%**
■ Black/African-American	10.5%	10.6%	**10.7%**
■ Hispanic/Latino	1.8%	2.1%	**2.1%**
■ Asian	1.1%	1.2%	**1.3%**
■ American Indian/Alaska Native	0.5%	0.5%	**0.6%**
■ Native Hawaiian/Other Pacific Islander	0.0%	0.0%	**0.1%**
■ Not specified	1.5%	0.2%	**0.0%**
Females/minorities as percent of workforce/management			
■ Females as percent of workforce	22.4%	22.4%	**22.2%**
■ Females as percent of management	18.0%	18.2%	**18.0%**
■ Minorities as percent of workforce	13.8%	14.4%	**14.8%**
■ Minorities as percent of management	9.4%	9.7%	**10.2%**

U.S. Employee Turnover Summary

	2012	2013	**2014**
Turnover as percent of workforce	6.1%	11.3%	**7.1%**
Percentage of employees eligible to retire in 5 years [2]	51.5%	48.0%	**48.8%**
Percentage of employees eligible to retire in 10 years [2]	65.2%	60.3%	**62.0%**

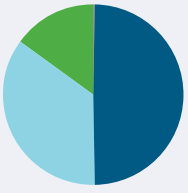
1 Ethnic diversity and gender data are not captured for Duke Energy International employees.
2 "Eligible to retire" is defined as 55 years of age or older, with at least five years of service.

A Milestone For Our Workforce

For the first time, in 2014, "Generation X" and "millennials" made up over half our employees, while "baby boomers" and "traditionalists," now comprise just under half.

We value the contributions from employees in each of these generations, and we are planning to make sure that our workforce continues to have the right skills and qualifications. Workforce needs and demographics are assessed, then we recruit, train and provide on-the-job experience to prepare for the future.

Four Generations of Duke Energy's U.S. Employees



0.2% Traditionalists (born before 1946)
49.5% Baby boomers (born 1946-1964)
35.4% Generation X (born 1965-1981)
14.9% Millennials (born after 1981)

Ronnie Bailey Jr. | Lineman Apprentice, Lake Panasoffkee, Florida

Volunteerism: Employees Doing More

Duke Energy and its employees have a long history of volunteerism. In 2014, the company focused on environmental projects throughout its service territory as well as along the Dan River in Virginia.

With the company offering time off for employees to volunteer, it's estimated that over 3,600 employees joined retirees and others to provide over 212,000 hours on projects in their communities.

The projects were varied – from clearing nature trails to building or refurbishing homes.

For example, employees in North Carolina helped the Carolina Waterfowl Rescue by building new wading ponds, a bridge for the birds and helping with pond stabilization.

In Florida, employees gave the Weedon Island Preserve a fresh look. In South Carolina, a company grant combined with employee participation helped Trees Greenville in planting and protecting trees.

In Ohio, employees pitched in to help create a cleaner downtown as part of the Cincinnati Mayor's Corporate Challenge. In Edwardsport, Indiana, employees worked with the city to help revitalize a local park.

In the end, Duke Energy employees helped make their communities a better place.

\ Connected \
Duke Energy Line Workers Earn 11 Awards At World Competition

Duke Energy line workers took home 11 awards from the 2014 International Lineman's Rodeo.

The 60 line workers who competed were tested on job-related skills such as hurt-man rescues, equipment repair and pole climbs. Competitors were judged on safety and technique, with speed being the last criteria used to differentiate the best scores.

Ronnie Bailey Jr. of Lake Panasoffkee, Florida, placed second in the apprentice investor-owned utility division.

"Receiving the award was surreal, and I couldn't have done it without the support of my co-workers and the team," said Bailey, whose father has been a Duke Energy Florida line worker for 33 years. "I'm thankful to the company for giving us the tools and time to be successful, and I'm proud to represent Duke Energy in the world spotlight."

GLOBAL REPORTING INITIATIVE

The Global Reporting Initiative (GRI) is a recognized international framework for economic, environmental and social performance disclosure. We provide a detailed response to GRI indicators on our website. We are transitioning our disclosures from G3 Version 3.1 to the new G4 reporting guidelines and will continue disclosing for indicators in GRI's Electric Utilities Sector Supplement.

ABOUT OUR DATA

This report contains the best data available at time of publication. Social and environmental data can be challenging to accurately measure. We correct and report errors in prior-year data when found, and we work to continually improve our data measurement, gathering and reporting processes to increase the integrity of information presented.

FORWARD-LOOKING INFORMATION

Cautionary statements regarding forward-looking information

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions. These forward-looking statements are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "outlook," "guidance," and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to: state, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements or climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market the extent and timing of the costs and liabilities relating to the Dan River ash basin release and compliance with current and any future regulatory changes related to the management of coal ash; the ability to recover eligible costs, including those associated with future significant weather events, and earn an adequate return on investment through the regulatory process; the costs of decommissioning nuclear facilities could prove to be more extensive than are currently identified and all costs may not be fully recoverable through the regulatory process; the risk that the credit ratings of the company or its subsidiaries may be different from what the companies expect; costs and effects of legal and administrative proceedings, settlements, investigations and claims; industrial, commercial and residential growth or decline in service territories or customer bases resulting from customer usage patterns, including energy efficiency efforts and use of alternative energy sources including self-generation and distributed generation technologies; additional competition in electric markets and continued industry consolidation; political and regulatory uncertainty in other countries in which Duke Energy conducts business; the influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts and tornadoes; the ability to successfully operate electric generating facilities and deliver electricity to customers; the impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches and other catastrophic events; the inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks; the timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets; the results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings and general economic conditions; declines in the market prices of equity and fixed income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans, and nuclear decommissioning trust funds; construction and development risks associated with the completion of Duke Energy and its subsidiaries' capital investment projects in existing and new generation facilities, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules, and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner or at all; changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants; the ability to control operation and maintenance costs; the level of creditworthiness of counterparties to transactions; employee workforce factors, including the potential inability to attract and retain key personnel; the ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent); the performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; the impact of potential goodwill impairments; the ability to reinvest prospective undistributed earnings of foreign subsidiaries or repatriate such earnings on a tax-efficient basis; and the ability to successfully complete future merger, acquisition or divestiture plans.

Additional risks and uncertainties are identified and discussed in Duke Energy's and its subsidiaries' reports filed with the SEC and available at the SEC's website at sec.gov. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than Duke Energy has described. Duke Energy undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

NON-GAAP FINANCIAL MEASURES

Management evaluates financial performance in part based on the non-GAAP financial measures, adjusted earnings and adjusted diluted earnings per share (EPS). These items are measured as income from continuing operations net of income (loss) attributable to noncontrolling interests, adjusted for the dollar and per share impact of mark-to-market impacts of economic hedges in the Commercial Power segment and special items including the operating results of the Disposal Group classified as discontinued operations for GAAP purposes. Special items represent certain charges and credits, which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. As result of the agreement in August 2014 to sell the Disposal Group to Dynegy, the operating results of the Disposal Group are classified as discontinued operations, including a portion of the mark-to-market adjustments associated with derivative contracts. Management believes that including the operating results of the Disposal Group classified as discontinued operations better reflects its financial performance and therefore has included these results in adjusted earnings and adjusted diluted EPS. Derivative contracts are used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment. The mark-to-market impact of derivative contracts is recognized in GAAP earnings immediately and, if associated with the Disposal Group, classified as discontinued operations, as such derivative contracts do not qualify for hedge accounting or regulatory treatment. The economic value of generation assets is subject to fluctuations in fair value due to market price volatility of input and output commodities (e.g., coal, electricity, natural gas). Economic hedging involves both purchases and sales of those input and output commodities related to generation assets. Operations of the generation assets are accounted for under the accrual method. Management believes excluding impacts of mark-to-market changes of the derivative contracts from adjusted earnings until settlement better matches the financial impacts of the derivative contract with the portion of economic value of the underlying hedged asset. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting and for reporting results to the Duke Energy Board of Directors (Board of Directors), employees, shareholders, analysts and investors concerning Duke Energy's financial performance. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are Net Income Attributable to Duke Energy Corporation and Diluted EPS Attributable to Duke Energy Corporation common shareholders, which include the dollar and per share impact of special items, mark-to-market impacts of economic hedges in the Commercial Power segment and discontinued operations.

Duke Energy's adjusted earnings and adjusted diluted EPS may not be comparable to similarly titled measures of another company because other entities may not calculate the measures in the same manner.

The following table reconciles non-GAAP measures to the most directly comparable GAAP measure.

	Years Ended December 31,					
	2014		2013		2012	
(in millions, except per share amounts)	**Amount**	**Per Diluted Share**	Amount	Per Diluted Share	Amount	Per Diluted Share
Adjusted earnings	**$3,218**	**$4.55**	$3,080	$4.36	2,489	$4.33
Edwardsport impairment and other charges	**—**	**—**	—	—	(402)	(0.70)
International tax adjustment	**(373)**	**(0.53)**	—	—	—	—
Crystal River Unit 3 charges	**—**	**—**	(215)	(0.31)	—	—
Costs to achieve Progress Energy merger	**(127)**	**(0.18)**	(184)	(0.26)	(397)	(0.70)
Coal ash Plea Agreements reserve	**(102)**	**(0.14)**	—	—	—	—
Asset impairment	**(59)**	**(0.08)**	—	—	—	—
Nuclear development charges	**—**	**—**	(57)	(0.08)	—	—
Litigation reserve	**—**	**—**	(14)	(0.02)	—	—
Economic hedges (mark-to-market)	**(6)**	**(0.01)**	—	—	(3)	(0.01)
Democratic National Convention Host Committee support	**—**	**—**	—	—	(6)	(0.01)
Asset sales	**9**	**0.01**	50	0.07	—	—
Employee severance and office consolidation	**—**	**—**	—	—	60	0.11
Discontinued operations	**(677)**	**(0.96)**	5	—	27	0.05
Net Income Attributable to Duke Energy Corporation	**$1,883**	**$2.66**	$2,665	$3.76	$1,768	$3.07