

interest is payable on the 2021 Notes is not a Business Day, then payment of the interest payable on such date shall be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable.

Payment of principal of, premium, if any, and interest on the 2021 Notes shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal of, premium, if any, and interest on 2021 Notes represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the 2021 Notes are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such 2021 Notes shall be made at the office of the Paying Agent upon surrender of such 2021 Notes to the Paying Agent and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

Section 1.04. Denominations. The 2021 Notes shall be issued in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof.

Section 1.05. Global Securities. The 2021 Notes shall initially be issued in the form of one or more Global Securities registered in the name of the Depository (which initially shall be The Depository Trust Company) or its nominee. Except under the limited circumstances described below, 2021 Notes represented by such Global Security or Global Securities shall not be exchangeable for, and shall not otherwise be issuable as, 2021 Notes in definitive form. The Global Securities described in this Article I may not be transferred except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or to a successor Depository or its nominee.

A Global Security representing the 2021 Notes shall be exchangeable for 2021 Notes registered in the names of persons other than the Depository or its nominee only if (i) the Depository notifies the Corporation that it is unwilling or unable to continue as a Depository for such Global Security and no successor Depository shall have been appointed by the Corporation within 90 days of receipt by the Corporation of such notification, or if at any time the Depository ceases to be a clearing agency registered under the Exchange Act at a time when the Depository is required to be so registered to act as such Depository and no successor Depository shall have been appointed by the Corporation within 90 days after it becomes aware of such cessation, (ii) an Event of Default has occurred and is continuing with respect to the 2021 Notes and beneficial owners of a majority in aggregate principal amount of the 2021 Notes represented by Global Securities advise the Depository to cease acting as Depository, or (iii) the Corporation in its sole discretion, and subject to the procedures of the Depository, determines that such Global Security shall be so exchangeable. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for 2021 Notes registered in such names as the Depository shall direct.

Section 1.06. Redemption.

(a) Special Mandatory Redemption

(I) Upon the first to occur of either (i) April 30, 2017, if the Acquisition is not consummated on or before such date, or (ii) the date on which the Merger Agreement is terminated (each, a "Special Mandatory Redemption Trigger"), the Corporation shall redeem the 2021 Notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest on the aggregate principal amount of the 2021 Notes being redeemed to, but excluding, the date of the special mandatory redemption (the "Special Mandatory Redemption").

(II) Within five Business Days after the occurrence of a Special Mandatory Redemption Trigger, the Corporation shall provide notice of the Special Mandatory Redemption to each Holder of the 2021 Notes and to the Trustee, stating, among other matters prescribed in the Indenture, that a Special Mandatory Redemption Trigger has occurred and that all such 2021 Notes shall be redeemed on the redemption date set forth in the notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given). This Section 1.06(a)(II) shall apply to the Special Mandatory Redemption in lieu of Section 1.102 of the Original Indenture.

(b) Special Optional Redemption

(I) At any time before April 30, 2017, the 2021 Notes shall be redeemable, in whole, at the option of the Corporation, at a redemption price equal to 101% of the aggregate principal amount of the 2021 Notes being redeemed, plus accrued and unpaid interest on the aggregate principal amount of the 2021 Notes being redeemed to, but excluding, the date of the special optional redemption, if, in the Corporation's judgment, the Acquisition will not be consummated on or before April 30, 2017 (the "Special Optional Redemption").

(II) If the Corporation exercises the Special Optional Redemption right provided in clause (b)(I) above, it shall provide notice to each Holder of the 2021 Notes and to the Trustee, stating, among other matters prescribed in the Indenture, it is exercising such Special Optional Redemption right and that all of the 2021 Notes will be redeemed on the redemption date set forth in the notice (which redemption date shall be no earlier than three Business Days and no later than 30 days from the date such notice is given). The election of the Corporation to redeem the 2021 Notes shall be evidenced by a Board Resolution or in another manner specified by the Original Indenture. The Corporation shall furnish the Trustee with an Officers' Certificate evidencing compliance with the condition specified in Section 1.06(b)(I). This Section 1.06(b)(II) shall apply to the Special Optional Redemption in lieu of Section 1.102 of the Original Indenture.

(c) Optional Redemption

At any time before August 1, 2021 (the "2021 Par Call Date"), the 2021 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the 2021 Notes being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if such 2021 Notes were redeemed on the 2021 Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 12.5 basis points, plus, in either case, accrued and unpaid interest on the principal amount of the 2021 Notes being redeemed to, but excluding, such Redemption Date.

At any time on or after the 2021 Par Call Date, the 2021 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the 2021 Notes being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the first paragraph of this Section 1.06(c), the following terms have the following meanings:

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the 2021 Notes to be redeemed (assuming, for this purpose, that the 2021 Notes matured on the 2021 Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2021 Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date for the 2021 Notes, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

“Quotation Agent” means a Reference Treasury Dealer appointed by the Corporation.

“Reference Treasury Dealer” means each of Barclays Capital Inc., Credit Suisse Securities (USA) LLC, Mizuho Securities USA Inc., UBS Securities LLC and a Primary Treasury Dealer (as defined below) selected by MUFG Securities Americas Inc., or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the 2021 Notes, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the 2021 Notes, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the 2021 Notes occurring before the 2021 Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

If less than all of the 2021 Notes are to be redeemed, the Trustee shall select the 2021 Notes or portions of 2021 Notes to be redeemed by such method as the Trustee shall deem fair and appropriate. The Trustee may select for redemption 2021 Notes and portions of 2021 Notes in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the 2021 Notes are represented by

Global Securities, beneficial interests in such Notes shall be selected for redemption by the Depositary in accordance with its standard procedures therefor.

The 2021 Notes shall not have a sinking fund.

Section 1.07. Paying Agent. The Trustee shall initially serve as Paying Agent with respect to the 2021 Notes, with the Place of Payment initially being the Corporate Trust Office.

## ARTICLE II

### 2.650% SENIOR NOTES DUE 2026

Section 2.01. Establishment. There is hereby established a new series of Securities to be issued under the Indenture, to be designated as the Corporation's 2.650% Senior Notes due 2026 (the "2026 Notes").

There are to be authenticated and delivered \$1,500,000,000 principal amount of the 2026 Notes, and no further 2026 Notes shall be authenticated and delivered except as provided by Section 304, 305, 306, 906 or 1106 of the Original Indenture and the last paragraph of Section 301 thereof. The 2026 Notes shall be issued in fully registered form without coupons.

The 2026 Notes shall be in substantially the form set out in Exhibit C hereto, and the form of the Trustee's Certificate of Authentication for the 2026 Notes shall be in substantially the form set forth in Exhibit D hereto.

Each 2026 Note shall be dated the date of authentication thereof and shall bear interest from the date of original issuance thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for.

Section 2.02. Definitions. The following defined terms used in this Article II shall, unless the context otherwise requires, have the meanings specified below for purposes of the 2026 Notes. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Original Indenture.

"Acquisition" means the Corporation's acquisition of all of Piedmont Natural Gas Company, Inc.'s issued and outstanding stock pursuant to the Merger Agreement.

"Business Day" means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business.

"Interest Payment Date" means each March 1 and September 1 of each year, commencing on March 1, 2017.

"Legal Holiday" means any day that is a legal holiday in New York, New York.

"Merger Agreement" means the Agreement and Plan of Merger dated as of October 24, 2015 with Piedmont Natural Gas Company, Inc.

"Original Issue Date" means August 12, 2016.

“Regular Record Date” means, with respect to each Interest Payment Date, the close of business on the 15th calendar day prior to such Interest Payment Date (whether or not a Business Day).

“Stated Maturity” means September 1, 2026.

Section 2.03. Payment of Principal and Interest. The principal of the 2026 Notes shall be due at Stated Maturity (unless earlier redeemed). The unpaid principal amount of the 2026 Notes shall bear interest at the rate of 2.650% per annum until paid or duly provided for, such interest to accrue from August 12, 2016 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. Interest shall be paid semi-annually in arrears on each Interest Payment Date to the Person or Persons in whose name the 2026 Notes are registered on the Regular Record Date for such Interest Payment Date; *provided* that interest payable at the Stated Maturity or on a Redemption Date as provided herein shall be paid to the Person to whom principal is payable. Any such interest that is not so punctually paid or duly provided for shall forthwith cease to be payable to the Holders on such Regular Record Date and may either be paid to the Person or Persons in whose name the 2026 Notes are registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee (“Special Record Date”), notice whereof shall be given to Holders of the 2026 Notes not less than ten (10) days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the 2026 Notes may be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Original Indenture.

Payments of interest on the 2026 Notes shall include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for the 2026 Notes shall be computed and paid on the basis of a 360-day year consisting of twelve 30-day months. In the event that any date on which interest is payable on the 2026 Notes is not a Business Day, then payment of the interest payable on such date shall be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable.

Payment of principal of, premium, if any, and interest on the 2026 Notes shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal of, premium, if any, and interest on 2026 Notes represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the 2026 Notes are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such 2026 Notes shall be made at the office of the Paying Agent upon surrender of such 2026 Notes to the Paying Agent and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

Section 2.04. Denominations. The 2026 Notes shall be issued in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof.

Section 2.05. Global Securities. The 2026 Notes shall initially be issued in the form of one or more Global Securities registered in the name of the Depository (which initially shall be The Depository Trust Company) or its nominee. Except under the limited circumstances described below, 2026 Notes

represented by such Global Security or Global Securities shall not be exchangeable for, and shall not otherwise be issuable as, 2026 Notes in definitive form. The Global Securities described in this Article II may not be transferred except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or to a successor Depository or its nominee.

A Global Security representing the 2026 Notes shall be exchangeable for 2026 Notes registered in the names of persons other than the Depository or its nominee only if (i) the Depository notifies the Corporation that it is unwilling or unable to continue as a Depository for such Global Security and no successor Depository shall have been appointed by the Corporation within 90 days of receipt by the Corporation of such notification, or if at any time the Depository ceases to be a clearing agency registered under the Exchange Act at a time when the Depository is required to be so registered to act as such Depository and no successor Depository shall have been appointed by the Corporation within 90 days after it becomes aware of such cessation, (ii) an Event of Default has occurred and is continuing with respect to the 2026 Notes and beneficial owners of a majority in aggregate principal amount of the 2026 Notes represented by Global Securities advise the Depository to cease acting as Depository, or (iii) the Corporation in its sole discretion, and subject to the procedures of the Depository, determines that such Global Security shall be so exchangeable. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for 2026 Notes registered in such names as the Depository shall direct.

Section 2.06. Redemption.

(a) Special Mandatory Redemption

(I) Upon the first to occur of either (i) April 30, 2017, if the Acquisition is not consummated on or before such date, or (ii) the date on which the Merger Agreement is terminated (each, a "Special Mandatory Redemption Trigger"), the Corporation shall redeem the 2026 Notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of the 2026 Notes being redeemed, plus accrued and unpaid interest on the aggregate principal amount of the 2026 Notes being redeemed to, but excluding, the date of the special mandatory redemption (the "Special Mandatory Redemption").

(II) Within five Business Days after the occurrence of a Special Mandatory Redemption Trigger, the Corporation shall provide notice of the Special Mandatory Redemption to each Holder of the 2026 Notes and to the Trustee, stating, among other matters prescribed in the Indenture, that a Special Mandatory Redemption Trigger has occurred and that all such 2026 Notes shall be redeemed on the redemption date set forth in the notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given). This Section 2.06(a)(II) shall apply to the Special Mandatory Redemption in lieu of Section 1102 of the Original Indenture.

(b) Special Optional Redemption

(I) At any time before April 30, 2017, the 2026 Notes shall be redeemable, in whole, at the option of the Corporation, at a redemption price equal to 101% of the aggregate principal amount of the 2026 Notes being redeemed, plus accrued and unpaid interest on the aggregate principal amount of the 2026 Notes being redeemed to, but excluding, the date of the special optional redemption, if, in the Corporation's judgment, the Acquisition will not be consummated on or before April 30, 2017 (the "Special Optional Redemption").

(II) If the Corporation exercises the Special Optional Redemption right provided in clause (b)(I) above, it shall provide notice to each Holder of the 2026 Notes and to the Trustee, stating, among other

matters prescribed in the Indenture, it is exercising such Special Optional Redemption right and that all of the 2026 Notes will be redeemed on the redemption date set forth in the notice (which redemption date shall be no earlier than three Business Days and no later than 30 days from the date such notice is given). The election of the Corporation to redeem the 2026 Notes shall be evidenced by a Board Resolution or in another manner specified by the Original Indenture. The Corporation shall furnish the Trustee with an Officers' Certificate evidencing compliance with the condition specified in Section 2.06(b)(I). This Section 2.06(b)(II) shall apply to the Special Optional Redemption in lieu of Section 1102 of the Original Indenture.

(c) Optional Redemption

At any time before June 1, 2026 (the "2026 Par Call Date"), the 2026 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the 2026 Notes being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if such 2026 Notes were redeemed on the 2026 Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points, plus, in either case, accrued and unpaid interest on the principal amount of the 2026 Notes being redeemed to, but excluding, such Redemption Date.

At any time on or after the 2026 Par Call Date, the 2026 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the 2026 Notes being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the first paragraph of this Section 2.06(c), the following terms have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the 2026 Notes to be redeemed (assuming, for this purpose, that the 2026 Notes matured on the 2026 Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2026 Notes.

"Comparable Treasury Price" means, with respect to any Redemption Date for the 2026 Notes, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

"Quotation Agent" means a Reference Treasury Dealer appointed by the Corporation.

"Reference Treasury Dealer" means each of Barclays Capital Inc., Credit Suisse Securities (USA) LLC, Mizuho Securities USA Inc., UBS Securities LLC and a Primary Treasury Dealer (as defined below) selected by MUFG Securities Americas Inc., or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a "Primary Treasury Dealer"); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the 2026 Notes, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the 2026 Notes, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the 2026 Notes occurring before the 2026 Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

If less than all of the 2026 Notes are to be redeemed, the Trustee shall select the 2026 Notes or portions of 2026 Notes to be redeemed by such method as the Trustee shall deem fair and appropriate. The Trustee may select for redemption 2026 Notes and portions of 2026 Notes in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the 2026 Notes are represented by Global Securities, beneficial interests in such Notes shall be selected for redemption by the Depository in accordance with its standard procedures therefor.

The 2026 Notes shall not have a sinking fund.

Section 2.07. Paying Agent. The Trustee shall initially serve as Paying Agent with respect to the 2026 Notes, with the Place of Payment initially being the Corporate Trust Office.

### ARTICLE III

#### 3.750% SENIOR NOTES DUE 2046

Section 3.01. Establishment. There is hereby established a new series of Securities to be issued under the Indenture, to be designated as the Corporation's 3.750% Senior Notes due 2046 (the “2046 Notes”).

There are to be authenticated and delivered \$1,500,000,000 principal amount of the 2046 Notes, and no further 2046 Notes shall be authenticated and delivered except as provided by Section 304, 305, 306, 906 or 1106 of the Original Indenture and the last paragraph of Section 301 thereof. The 2046 Notes shall be issued in fully registered form without coupons.

The 2046 Notes shall be in substantially the form set out in Exhibit E hereto, and the form of the Trustee's Certificate of Authentication for the 2046 Notes shall be in substantially the form set forth in Exhibit F hereto.

Each 2046 Note shall be dated the date of authentication thereof and shall bear interest from the date of original issuance thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for.



Section 3.02. Definitions. The following defined terms used in this Article III shall, unless the context otherwise requires, have the meanings specified below for purposes of the 2046 Notes. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Original Indenture.

“Acquisition” means the Corporation’s acquisition of all of Piedmont Natural Gas Company, Inc.’s issued and outstanding stock pursuant to the Merger Agreement.

“Business Day” means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business.

“Interest Payment Date” means each March 1 and September 1 of each year, commencing on March 1, 2017.

“Legal Holiday” means any day that is a legal holiday in New York, New York.

“Merger Agreement” means the Agreement and Plan of Merger dated as of October 24, 2015 with Piedmont Natural Gas Company, Inc.

“Original Issue Date” means August 12, 2016.

“Regular Record Date” means, with respect to each Interest Payment Date, the close of business on the 15th calendar day prior to such Interest Payment Date (whether or not a Business Day).

“Stated Maturity” means September 1, 2046.

Section 3.03. Payment of Principal and Interest. The principal of the 2046 Notes shall be due at Stated Maturity (unless earlier redeemed). The unpaid principal amount of the 2046 Notes shall bear interest at the rate of 3.750% per annum until paid or duly provided for, such interest to accrue from August 12, 2016 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. Interest shall be paid semi-annually in arrears on each Interest Payment Date to the Person or Persons in whose name the 2046 Notes are registered on the Regular Record Date for such Interest Payment Date; *provided* that interest payable at the Stated Maturity or on a Redemption Date as provided herein shall be paid to the Person to whom principal is payable. Any such interest that is not so punctually paid or duly provided for shall forthwith cease to be payable to the Holders on such Regular Record Date and may either be paid to the Person or Persons in whose name the 2046 Notes are registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee (“Special Record Date”), notice whereof shall be given to Holders of the 2046 Notes not less than ten (10) days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the 2046 Notes may be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Original Indenture.

Payments of interest on the 2046 Notes shall include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for the 2046 Notes shall be computed and paid on the basis of a 360-day year consisting of twelve 30-day months. In the event that any date on which interest is payable on the 2046 Notes is not a Business Day, then payment of the interest payable on such date shall be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable.

Payment of principal of, premium, if any, and interest on the 2046 Notes shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal of, premium, if any, and interest on 2046 Notes represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the 2046 Notes are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such 2046 Notes shall be made at the office of the Paying Agent upon surrender of such 2046 Notes to the Paying Agent and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

Section 3.04. Denominations. The 2046 Notes shall be issued in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof.

Section 3.05. Global Securities. The 2046 Notes shall initially be issued in the form of one or more Global Securities registered in the name of the Depository (which initially shall be The Depository Trust Company) or its nominee. Except under the limited circumstances described below, 2046 Notes represented by such Global Security or Global Securities shall not be exchangeable for, and shall not otherwise be issuable as, 2046 Notes in definitive form. The Global Securities described in this Article III may not be transferred except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or to a successor Depository or its nominee.

A Global Security representing the 2046 Notes shall be exchangeable for 2046 Notes registered in the names of persons other than the Depository or its nominee only if (i) the Depository notifies the Corporation that it is unwilling or unable to continue as a Depository for such Global Security and no successor Depository shall have been appointed by the Corporation within 90 days of receipt by the Corporation of such notification, or if at any time the Depository ceases to be a clearing agency registered under the Exchange Act at a time when the Depository is required to be so registered to act as such Depository and no successor Depository shall have been appointed by the Corporation within 90 days after it becomes aware of such cessation, (ii) an Event of Default has occurred and is continuing with respect to the 2046 Notes and beneficial owners of a majority in aggregate principal amount of the 2046 Notes represented by Global Securities advise the Depository to cease acting as Depository, or (iii) the Corporation in its sole discretion, and subject to the procedures of the Depository, determines that such Global Security shall be so exchangeable. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for 2046 Notes registered in such names as the Depository shall direct.

Section 3.06. Redemption.

(a) Special Mandatory Redemption

(I) Upon the first to occur of either (i) April 30, 2017, if the Acquisition is not consummated on or before such date, or (ii) the date on which the Merger Agreement is terminated (each, a "Special Mandatory Redemption Trigger"), the Corporation shall redeem the 2046 Notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of the 2046 Notes being redeemed,

plus accrued and unpaid interest on the aggregate principal amount of the 2046 Notes being redeemed to, but excluding, the date of the special mandatory redemption (the "Special Mandatory Redemption").

(II) Within five Business Days after the occurrence of a Special Mandatory Redemption Trigger, the Corporation shall provide notice of the Special Mandatory Redemption to each Holder of the 2046 Notes and to the Trustee, stating, among other matters prescribed in the Indenture, that a Special Mandatory Redemption Trigger has occurred and that all such 2046 Notes shall be redeemed on the redemption date set forth in the notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given). This Section 3.06(a)(II) shall apply to the Special Mandatory Redemption in lieu of Section 1102 of the Original Indenture.

(b) Special Optional Redemption

(I) At any time before April 30, 2017, the 2046 Notes shall be redeemable, in whole, at the option of the Corporation, at a redemption price equal to 101% of the aggregate principal amount of the 2046 Notes being redeemed, plus accrued and unpaid interest on the aggregate principal amount of the 2046 Notes being redeemed to, but excluding, the date of the special optional redemption, if, in the Corporation's judgment, the Acquisition will not be consummated on or before April 30, 2017 (the "Special Optional Redemption").

(II) If the Corporation exercises the Special Optional Redemption right provided in clause (b)(I) above, it shall provide notice to each Holder of the 2046 Notes and to the Trustee, stating, among other matters prescribed in the Indenture, it is exercising such Special Optional Redemption right and that all of the 2046 Notes will be redeemed on the redemption date set forth in the notice (which redemption date shall be no earlier than three Business Days and no later than 30 days from the date such notice is given). The election of the Corporation to redeem the 2046 Notes shall be evidenced by a Board Resolution or in another manner specified by the Original Indenture. The Corporation shall furnish the Trustee with an Officers' Certificate evidencing compliance with the condition specified in Section 3.06(b)(I). This Section 3.06(b)(II) shall apply to the Special Optional Redemption in lieu of Section 1102 of the Original Indenture.

(c) Optional Redemption

At any time before March 1, 2046 (the "2046 Par Call Date"), the 2046 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the 2046 Notes being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if such 2046 Notes were redeemed on the 2046 Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points, plus, in either case, accrued and unpaid interest on the principal amount of the 2046 Notes being redeemed to, but excluding, such Redemption Date.

At any time on or after the 2046 Par Call Date, the 2046 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the 2046 Notes being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the first paragraph of this Section 3.06(c), the following terms have the following meanings:

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the 2046 Notes to be redeemed (assuming, for this purpose, that the 2046 Notes matured on the 2046 Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2046 Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date for the 2046 Notes, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

“Quotation Agent” means a Reference Treasury Dealer appointed by the Corporation.

“Reference Treasury Dealer” means each of Barclays Capital Inc., Credit Suisse Securities (USA) LLC, Mizuho Securities USA Inc., UBS Securities LLC and a Primary Treasury Dealer (as defined below) selected by MUFG Securities Americas Inc., or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the 2046 Notes, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the 2046 Notes, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the 2046 Notes occurring before the 2046 Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

If less than all of the 2046 Notes are to be redeemed, the Trustee shall select the 2046 Notes or portions of 2046 Notes to be redeemed by such method as the Trustee shall deem fair and appropriate. The Trustee may select for redemption 2046 Notes and portions of 2046 Notes in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the 2046 Notes are represented by Global Securities, beneficial interests in such Notes shall be selected for redemption by the Depository in accordance with its standard procedures therefor.

The 2046 Notes shall not have a sinking fund.

Section 3.07. Paying Agent. The Trustee shall initially serve as Paying Agent with respect to the 2046 Notes, with the Place of Payment initially being the Corporate Trust Office.

ARTICLE IV

MISCELLANEOUS PROVISIONS

Section 4.01. Recitals by the Corporation. The recitals in this Fourteenth Supplemental Indenture are made by the Corporation only and not by the Trustee, and all of the provisions contained in the Original Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of the 2021 Notes, the 2026 Notes, the 2046 Notes and this Fourteenth Supplemental Indenture as fully and with like effect as if set forth herein in full.

Section 4.02. Ratification and Incorporation of Original Indenture. As supplemented hereby, the Original Indenture is in all respects ratified and confirmed, and the Original Indenture and this Fourteenth Supplemental Indenture shall be read, taken and construed as one and the same instrument.

Section 4.03. Executed in Counterparts. This Fourteenth Supplemental Indenture may be executed in several counterparts, each of which shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

**IN WITNESS WHEREOF**, each party hereto has caused this instrument to be signed in its name and behalf by its duly authorized officer, all as of the day and year first above written.

Duke Energy Corporation

By: /s/ John L. Sullivan, III

Name: John L. Sullivan, III

Title: Assistant Treasurer

The Bank of New York Mellon Trust Company,  
N.A., as Trustee

By: /s/ Teresa Petta

Name: Teresa Petta

Title: Vice President

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EXHIBIT A

FORM OF

1.800% SENIOR NOTE DUE 2021

No.

CUSIP No. 26441C AR6

DUKE ENERGY CORPORATION  
1.800% SENIOR NOTE DUE 2021

Principal Amount: \$

Regular Record Date: Close of business on the 15th calendar day prior to the relevant Interest Payment Date (whether or not a Business Day)

Original Issue Date: August 12, 2016

Stated Maturity: September 1, 2021

Interest Payment Dates: Semi-annually on March 1 and September 1 of each year, commencing on March 1, 2017

Interest Rate: 1.800% per annum

Authorized Denomination: \$2,000 or any integral multiple of \$1,000 in excess thereof

Duke Energy Corporation, a Delaware corporation (the "Corporation", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of DOLLARS (\$) \_\_\_\_\_ on the Stated Maturity shown above and to pay interest thereon from the Original Issue Date shown above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on each Interest Payment Date as specified above, commencing on March 1, 2017 and on the Stated Maturity at the rate per annum shown above until the principal hereof is paid or made available for payment and at such rate on any overdue principal and on any overdue installment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date (other than an Interest Payment Date that is the Stated Maturity or a Redemption Date) will, as provided in the Indenture, be paid to the Person in whose name this 1.800% Senior Note due 2021 (this "Security") is registered on the Regular Record Date as specified above next preceding such Interest Payment Date; *provided* that any interest payable at Stated Maturity or on a Redemption Date will be paid to the Person to whom principal is payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the Securities shall be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Indenture.

Payments of interest on this Security will include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for this Security shall be computed and paid on the basis of a

360-day year consisting of twelve 30-day months and will accrue from August 12, 2016 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. In the event that any date on which interest is payable on this Security is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. "Business Day" means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business. "Legal Holiday" means any day that is a legal holiday in New York, New York.

Payment of principal of, premium, if any, and interest on the Securities of this series shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal of, premium, if any, and interest on the Securities of this series represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the Securities of this series are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such Securities shall be made at the office of the Paying Agent upon surrender of such Securities to the Paying Agent, and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

Upon the first to occur of either (i) April 30, 2017, if the Corporation's acquisition of all of Piedmont Natural Gas Company, Inc.'s issued and outstanding stock (the "Acquisition") is not consummated on or before such date, or (ii) the date on which the Agreement and Plan of Merger dated as of October 24, 2015, with Piedmont Natural Gas Company, Inc., is terminated (each, a "Special Mandatory Redemption Trigger"), the Corporation shall redeem the Securities of this series, in whole, at a redemption price equal to 101% of the aggregate principal amount of the Securities of this series being redeemed, plus accrued and unpaid interest on the aggregate principal amount of the Securities of this series being redeemed to, but excluding, the date of the special mandatory redemption (the "Special Mandatory Redemption").

Within five Business Days after the occurrence of the Special Mandatory Redemption Trigger, the Corporation shall provide notice of the Special Mandatory Redemption to each Holder of the Securities of this series and to the Trustee, stating, among other matters prescribed in the Indenture, that a Special Mandatory Redemption Trigger has occurred and that all such Securities of this series shall be redeemed on the redemption date set forth in such notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given).

At any time before April 30, 2017, the Securities of this series shall be redeemable, in whole, at the option of the Corporation, at a redemption price equal to 101% of the aggregate principal amount of the Securities of this series being redeemed, plus accrued and unpaid interest on the aggregate principal amount of the Securities of this series being redeemed to, but excluding, the date of the special optional redemption, if, in the Corporation's judgment, the Acquisition will not be consummated on or before April 30, 2017 (the "Special Optional Redemption").

If the Corporation exercises the Special Optional Redemption right, the Corporation shall provide notice to each Holder of the Securities of this series to be redeemed and to the Trustee, stating, among



other matters prescribed in the Indenture, that it is exercising such Special Optional Redemption right and that all of the Securities of this series will be redeemed on the redemption date set forth in such notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given).

At any time before August 1, 2021 (the "Par Call Date"), the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the Securities of this series being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if this Security was redeemed on the Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 12.5 basis points, plus, in either case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

At any time on or after the Par Call Date, the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the second preceding paragraph, the following terms have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the Securities of this series to be redeemed (assuming, for this purpose, that this Security matured on the Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities of this series.

"Comparable Treasury Price" means, with respect to any Redemption Date for the Securities of this series, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

"Quotation Agent" means a Reference Treasury Dealer appointed by the Corporation.

"Reference Treasury Dealer" means each of Barclays Capital Inc., Credit Suisse Securities (USA) LLC, Mizuho Securities USA Inc., UBS Securities LLC and a Primary Treasury Dealer (as defined below) selected by MUFG Securities Americas Inc., or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a "Primary Treasury Dealer"); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date for the Securities of this series, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the Securities of this series, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the Securities of this series occurring before the Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

Notice of any redemption by the Corporation (other than with respect to any Special Mandatory Redemption or Special Optional Redemption) will be mailed (or, as long as the Securities of this series are represented by one or more Global Securities, transmitted in accordance with the Depository’s standard procedures therefor) at least 30 days but not more than 60 days before any Redemption Date to each Holder of Securities of this series to be redeemed. If Notice of a redemption is provided and funds are deposited as required, interest will cease to accrue on and after the Redemption Date on the Securities of this series or portions of Securities of this series called for redemption. In the event that any Redemption Date is not a Business Day, the Corporation will pay the redemption price on the next Business Day without any interest or other payment in respect of any such delay. If less than all the Securities of this series are to be redeemed at the option of the Corporation, the Trustee shall select, in such manner as it shall deem fair and appropriate, the Securities of this series to be redeemed in whole or in part. The Trustee may select for redemption Securities of this series and portions of the Securities of this series in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the Securities of this series are represented by Global Securities, beneficial interests in such Securities shall be selected for redemption by the Depository in accordance with its standard procedures therefor.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the surrender hereof.

The Securities of this series shall not have a sinking fund.

The Securities of this series shall constitute the direct unsecured and unsubordinated debt obligations of the Corporation and shall rank equally in priority with the Corporation’s existing and future unsecured and unsubordinated indebtedness.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed.

Duke Energy Corporation

By: \_\_\_\_\_  
Name:  
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: The Bank of New York Mellon Trust Company,  
N.A., as Trustee

By: \_\_\_\_\_  
Authorized Signatory

(Reverse Side of Security)

This 1.800% Senior Note due 2021 is one of a duly authorized issue of Securities of the Corporation (the "Securities"), issued and issuable in one or more series under an Indenture, dated as of June 3, 2008, as supplemented (the "Indenture"), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as Trustee (the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitation of rights, duties and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities issued thereunder and of the terms upon which said Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof as 1.800% Senior Notes due 2021 initially in the aggregate principal amount of \$750,000,000. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Indenture.

If an Event of Default with respect to the Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders of the Securities of all series affected under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of all series affected thereby (voting as one class). The Indenture contains provisions permitting the Holders of not less than a majority in principal amount of the Outstanding Securities of all series with respect to which a default under the Indenture shall have occurred and be continuing (voting as one class), on behalf of the Holders of the Securities of all such series, to waive, with certain exceptions, such default under the Indenture and its consequences. The Indenture also permits the Holders of not less than a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Corporation with certain provisions of the Indenture affecting such series. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Corporation for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar and duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series, of authorized denominations and of like tenor and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such registration of transfer or exchange, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of the Securities of this series and for covenant defeasance at any time of certain covenants in the Indenture upon compliance with certain conditions set forth in the Indenture.

Prior to due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities of this series are issuable only in registered form without coupons in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to the limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same upon surrender of the Security or Securities to be exchanged at the office or agency of the Corporation.

This Security shall be governed by, and construed in accordance with, the laws of the State of New York.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM --- as tenants in common

UNIF GIFT MIN ACT - Custodian  
(Cust) (Minor)

TEN ENT --- as tenants by the entireties

JT TEN --- as joint tenants with rights of survivorship and not as tenants in common

under Uniform Gifts to  
Minors Act  
(State)

Additional abbreviations may also be used though not on the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s) and transfer(s) unto (please insert Social Security or other identifying number of assignee)

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ agent to transfer said Security on the books of the Corporation, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular without alteration or enlargement, or any change whatever.

Signature  
Guarantee: \_\_\_\_\_

SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company,  
N.A., as Trustee

By:

\_\_\_\_\_  
Authorized Signatory

B-1

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EXHIBIT C

FORM OF  
2.650% SENIOR NOTE DUE 2026

No.

CUSIP No. 26441C AS4

DUKE ENERGY CORPORATION  
2.650% SENIOR NOTE DUE 2026

Principal Amount: \$

Regular Record Date: Close of business on the 15th calendar day prior to the relevant Interest Payment Date (whether or not a Business Day)

Original Issue Date: August 12, 2016

Stated Maturity: September 1, 2026

Interest Payment Dates: Semi-annually on March 1 and September 1 of each year, commencing on March 1, 2017

Interest Rate: 2.650% per annum

Authorized Denomination: \$2,000 or any integral multiple of \$1,000 in excess thereof

Duke Energy Corporation, a Delaware corporation (the "Corporation", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of DOLLARS (\$) \_\_\_\_\_ on the Stated Maturity shown above and to pay interest thereon from the Original Issue Date shown above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on each Interest Payment Date as specified above, commencing on March 1, 2017 and on the Stated Maturity at the rate per annum shown above until the principal hereof is paid or made available for payment and at such rate on any overdue principal and on any overdue installment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date (other than an Interest Payment Date that is the Stated Maturity or a Redemption Date) will, as provided in the Indenture, be paid to the Person in whose name this 2.650% Senior Note due 2026 (this "Security") is registered on the Regular Record Date as specified above next preceding such Interest Payment Date; *provided that* any interest payable at Stated Maturity or on a Redemption Date will be paid to the Person to whom principal is payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the Securities shall be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Indenture.

Payments of interest on this Security will include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for this Security shall be computed and paid on the basis of a

360-day year consisting of twelve 30-day months and will accrue from August 12, 2016 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. In the event that any date on which interest is payable on this Security is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. "Business Day" means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business. "Legal Holiday" means any day that is a legal holiday in New York, New York.

Payment of principal of, premium, if any, and interest on the Securities of this series shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal of, premium, if any, and interest on the Securities of this series represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the Securities of this series are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such Securities shall be made at the office of the Paying Agent upon surrender of such Securities to the Paying Agent, and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

Upon the first to occur of either (i) April 30, 2017, if the Corporation's acquisition of all of Piedmont Natural Gas Company, Inc.'s issued and outstanding stock (the "Acquisition") is not consummated on or prior to such date, or (ii) the date on which the Agreement and Plan of Merger dated as of October 24, 2015, with Piedmont Natural Gas Company, Inc., is terminated (each, a "Special Mandatory Redemption Trigger"), the Corporation shall redeem the Securities of this series, in whole, at a redemption price equal to 101% of the aggregate principal amount of the Securities of this series being redeemed, plus accrued and unpaid interest on the aggregate principal amount of the Securities of this series being redeemed to, but excluding, the date of the special mandatory redemption (the "Special Mandatory Redemption").

Within five Business Days after the occurrence of the Special Mandatory Redemption Trigger, the Corporation shall provide notice of the Special Mandatory Redemption to each Holder of the Securities of this series and to the Trustee, stating, among other matters prescribed in the Indenture, that a Special Mandatory Redemption Trigger has occurred and that all such Securities of this series shall be redeemed on the redemption date set forth in such notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given).

At any time before April 30, 2017, the Securities of this series shall be redeemable, in whole, at the option of the Corporation, at a redemption price equal to 101% of the aggregate principal amount of the Securities of this series being redeemed, plus accrued and unpaid interest on the aggregate principal amount of the Securities of this series being redeemed to, but excluding, the date of the special optional redemption, if, in the Corporation's judgment, the Acquisition will not be consummated on or before April 30, 2017 (the "Special Optional Redemption").

If the Corporation exercises the Special Optional Redemption right, the Corporation shall provide notice to each Holder of the Securities of this series to be redeemed and to the Trustee, stating, among

other matters prescribed in the Indenture, that it is exercising such Special Optional Redemption right and that all of the Securities of this series will be redeemed on the redemption date set forth in such notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given).

At any time before June 1, 2026 (the "Par Call Date"), the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the Securities of this series being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if this Security was redeemed on the Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points, plus, in either case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

At any time on or after the Par Call Date, the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the second preceding paragraph, the following terms have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the Securities of this series to be redeemed (assuming, for this purpose, that this Security matured on the Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities of this series.

"Comparable Treasury Price" means, with respect to any Redemption Date for the Securities of this series, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

"Quotation Agent" means a Reference Treasury Dealer appointed by the Corporation.

"Reference Treasury Dealer" means each of Barclays Capital Inc., Credit Suisse Securities (USA) LLC, Mizuho Securities USA Inc., UBS Securities LLC and a Primary Treasury Dealer (as defined below) selected by MUFG Securities Americas Inc., or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a "Primary Treasury Dealer"); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date for the Securities of this series, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the Securities of this series, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the Securities of this series occurring before the Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

Notice of any redemption by the Corporation (other than with respect to any Special Mandatory Redemption or Special Optional Redemption) will be mailed (or, as long as the Securities of this series are represented by one or more Global Securities, transmitted in accordance with the Depositary’s standard procedures therefor) at least 30 days but not more than 60 days before any Redemption Date to each Holder of Securities of this series to be redeemed. If Notice of a redemption is provided and funds are deposited as required, interest will cease to accrue on and after the Redemption Date on the Securities of this series or portions of Securities of this series called for redemption. In the event that any Redemption Date is not a Business Day, the Corporation will pay the redemption price on the next Business Day without any interest or other payment in respect of any such delay. If less than all the Securities of this series are to be redeemed at the option of the Corporation, the Trustee shall select, in such manner as it shall deem fair and appropriate, the Securities of this series to be redeemed in whole or in part. The Trustee may select for redemption Securities of this series and portions of the Securities of this series in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the Securities of this series are represented by Global Securities, beneficial interests in such Securities shall be selected for redemption by the Depositary in accordance with its standard procedures therefor.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the surrender hereof.

The Securities of this series shall not have a sinking fund.

The Securities of this series shall constitute the direct unsecured and unsubordinated debt obligations of the Corporation and shall rank equally in priority with the Corporation’s existing and future unsecured and unsubordinated indebtedness.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed.

Duke Energy Corporation  
By: \_\_\_\_\_  
Name:  
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company,  
N.A., as Trustee

By: \_\_\_\_\_  
Authorized Signatory

(Reverse Side of Security)

This 2.650% Senior Note due 2026 is one of a duly authorized issue of Securities of the Corporation (the "Securities"), issued and issuable in one or more series under an Indenture, dated as of June 3, 2008, as supplemented (the "Indenture"), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as Trustee (the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitation of rights, duties and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities issued thereunder and of the terms upon which said Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof as 2.650% Senior Notes due 2026 initially in the aggregate principal amount of \$1,500,000,000. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Indenture.

If an Event of Default with respect to the Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders of the Securities of all series affected under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of all series affected thereby (voting as one class). The Indenture contains provisions permitting the Holders of not less than a majority in principal amount of the Outstanding Securities of all series with respect to which a default under the Indenture shall have occurred and be continuing (voting as one class), on behalf of the Holders of the Securities of all such series, to waive, with certain exceptions, such default under the Indenture and its consequences. The Indenture also permits the Holders of not less than a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Corporation with certain provisions of the Indenture affecting such series. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Corporation for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar and duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series, of authorized denominations and of like tenor and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such registration of transfer or exchange, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of the Securities of this series and for covenant defeasance at any time of certain covenants in the Indenture upon compliance with certain conditions set forth in the Indenture.

Prior to due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities of this series are issuable only in registered form without coupons in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to the limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same upon surrender of the Security or Securities to be exchanged at the office or agency of the Corporation.

This Security shall be governed by, and construed in accordance with, the laws of the State of New York.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common

UNIF GIFT MIN ACT - Custodian  
(Cust) (Minor)

TEN ENT — as tenants by the entireties

JT TEN — as joint tenants with rights of survivorship and not as tenants in common

under Uniform Gifts to  
Minors Act  
(State)

Additional abbreviations may also be used though not on the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s) and transfer(s) unto (please insert Social Security or other identifying number of assignee)

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing agent to transfer said Security on the books of the Corporation, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular without alteration or enlargement, or any change whatever.

Signature Guarantee: \_\_\_\_\_



SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT D

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company,  
N.A., as Trustee

By:

\_\_\_\_\_  
Authorized Signatory

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EXHIBIT E  
FORM OF  
3.750% SENIOR NOTE DUE 2046

No.

CUSIP No. 26441C AT2

DUKE ENERGY CORPORATION  
3.750% SENIOR NOTE DUE 2046

Principal Amount: \$

Regular Record Date: Close of business on the 15th calendar day prior to the relevant Interest Payment Date (whether or not a Business Day)

Original Issue Date: August 12, 2016

Stated Maturity: September 1, 2046

Interest Payment Dates: Semi-annually on March 1 and September 1 of each year, commencing on March 1, 2017

Interest Rate: 3.750% per annum

Authorized Denomination: \$2,000 or any integral multiple of \$1,000 in excess thereof

Duke Energy Corporation, a Delaware corporation (the "Corporation", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of DOLLARS (\$ \_\_\_\_\_) on the Stated Maturity shown above and to pay interest thereon from the Original Issue Date shown above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on each Interest Payment Date as specified above, commencing on March 1, 2017 and on the Stated Maturity at the rate per annum shown above until the principal hereof is paid or made available for payment and at such rate on any overdue principal and on any overdue installment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date (other than an Interest Payment Date that is the Stated Maturity or a Redemption Date) will, as provided in the Indenture, be paid to the Person in whose name this 3.750% Senior Note due 2046 (this "Security") is registered on the Regular Record Date as specified above next preceding such Interest Payment Date; *provided* that any interest payable at Stated Maturity or on a Redemption Date will be paid to the Person to whom principal is payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the Securities shall be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Indenture.

Payments of interest on this Security will include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for this Security shall be computed and paid on the basis of a

360-day year consisting of twelve 30-day months and will accrue from August 12, 2016 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. In the event that any date on which interest is payable on this Security is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. "Business Day" means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business. "Legal Holiday" means any day that is a legal holiday in New York, New York.

Payment of principal of, premium, if any, and interest on the Securities of this series shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal of, premium, if any, and interest on the Securities of this series represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the Securities of this series are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such Securities shall be made at the office of the Paying Agent upon surrender of such Securities to the Paying Agent, and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

Upon the first to occur of either (i) April 30, 2017, if the Corporation's acquisition of all of Piedmont Natural Gas Company, Inc.'s issued and outstanding stock (the "Acquisition") is not consummated on or prior to such date, or (ii) the date on which the Agreement and Plan of Merger dated as of October 24, 2015, with Piedmont Natural Gas Company, Inc., is terminated (each, a "Special Mandatory Redemption Trigger"), the Corporation shall redeem the Securities of this series, in whole, at a redemption price equal to 101% of the aggregate principal amount of the Securities of this series being redeemed, plus accrued and unpaid interest on the aggregate principal amount of the Securities of this series being redeemed to, but excluding, the date of the special mandatory redemption (the "Special Mandatory Redemption").

Within five Business Days after the occurrence of the Special Mandatory Redemption Trigger, the Corporation shall provide notice of the Special Mandatory Redemption to each Holder of the Securities of this series and to the Trustee, stating, among other matters prescribed in the Indenture, that a Special Mandatory Redemption Trigger has occurred and that all such Securities of this series shall be redeemed on the redemption date set forth in such notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given).

At any time before April 30, 2017, the Securities of this series shall be redeemable, in whole, at the option of the Corporation, at a redemption price equal to 101% of the aggregate principal amount of the Securities of this series being redeemed, plus accrued and unpaid interest on the aggregate principal amount of the Securities of this series being redeemed to, but excluding, the date of the special optional redemption, if, in the Corporation's judgment, the Acquisition will not be consummated on or before April 30, 2017 (the "Special Optional Redemption").

If the Corporation exercises the Special Optional Redemption right, the Corporation shall provide notice to each Holder of the Securities of this series to be redeemed and to the Trustee, stating, among

other matters prescribed in the Indenture, that it is exercising such Special Optional Redemption right and that all of the Securities of this series will be redeemed on the redemption date set forth in such notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given).

At any time before March 1, 2046 (the "Par Call Date"), the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the Securities of this series being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if this Security was redeemed on the Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points, plus, in either case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

At any time on or after the Par Call Date, the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the second preceding paragraph, the following terms have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the Securities of this series to be redeemed (assuming, for this purpose, that this Security matured on the Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities of this series.

"Comparable Treasury Price" means, with respect to any Redemption Date for the Securities of this series, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

"Quotation Agent" means a Reference Treasury Dealer appointed by the Corporation.

"Reference Treasury Dealer" means each of Barclays Capital Inc., Credit Suisse Securities (USA) LLC, Mizuho Securities USA Inc., UBS Securities LLC and a Primary Treasury Dealer (as defined below) selected by MUFG Securities Americas Inc., or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a "Primary Treasury Dealer"); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date for the Securities of this series, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the Securities of this series, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the Securities of this series occurring before the Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

Notice of any redemption by the Corporation (other than with respect to any Special Mandatory Redemption or Special Optional Redemption) will be mailed (or, as long as the Securities of this series are represented by one or more Global Securities, transmitted in accordance with the Depositary’s standard procedures therefor) at least 30 days but not more than 60 days before any Redemption Date to each Holder of Securities of this series to be redeemed. If Notice of a redemption is provided and funds are deposited as required, interest will cease to accrue on and after the Redemption Date on the Securities of this series or portions of Securities of this series called for redemption. In the event that any Redemption Date is not a Business Day, the Corporation will pay the redemption price on the next Business Day without any interest or other payment in respect of any such delay. If less than all the Securities of this series are to be redeemed at the option of the Corporation, the Trustee shall select, in such manner as it shall deem fair and appropriate, the Securities of this series to be redeemed in whole or in part. The Trustee may select for redemption Securities of this series and portions of the Securities of this series in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the Securities of this series are represented by Global Securities, beneficial interests in such Securities shall be selected for redemption by the Depositary in accordance with its standard procedures therefor.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the surrender hereof.

The Securities of this series shall not have a sinking fund.

The Securities of this series shall constitute the direct unsecured and unsubordinated debt obligations of the Corporation and shall rank equally in priority with the Corporation’s existing and future unsecured and unsubordinated indebtedness.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed.

Duke Energy Corporation

By: \_\_\_\_\_

Name:

Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company,  
N.A., as Trustee

By: \_\_\_\_\_

Authorized Signatory

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(Reverse Side of Security)

This 3.750% Senior Note due 2046 is one of a duly authorized issue of Securities of the Corporation (the "Securities"), issued and issuable in one or more series under an Indenture, dated as of June 3, 2008, as supplemented (the "Indenture"), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as Trustee (the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitation of rights, duties and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities issued thereunder and of the terms upon which said Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof as 3.750% Senior Notes due 2046 initially in the aggregate principal amount of \$1,500,000,000. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Indenture.

If an Event of Default with respect to the Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders of the Securities of all series affected under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of all series affected thereby (voting as one class). The Indenture contains provisions permitting the Holders of not less than a majority in principal amount of the Outstanding Securities of all series with respect to which a default under the Indenture shall have occurred and be continuing (voting as one class), on behalf of the Holders of the Securities of all such series, to waive, with certain exceptions, such default under the Indenture and its consequences. The Indenture also permits the Holders of not less than a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Corporation with certain provisions of the Indenture affecting such series. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Corporation for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar and duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series, of authorized denominations and of like tenor and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such registration of transfer or exchange, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.



The Indenture contains provisions for defeasance at any time of the entire indebtedness of the Securities of this series and for covenant defeasance at any time of certain covenants in the Indenture upon compliance with certain conditions set forth in the Indenture.

Prior to due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities of this series are issuable only in registered form without coupons in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to the limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same upon surrender of the Security or Securities to be exchanged at the office or agency of the Corporation.

This Security shall be governed by, and construed in accordance with, the laws of the State of New York.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common

UNIF GIFT MIN ACT - Custodian  
(Cust) (Minor)

TEN ENT — as tenants by the entireties

JT TEN — as joint tenants with rights of survivorship and not as tenants in common

under Uniform Gifts to  
Minors Act  
(State)

Additional abbreviations may also be used though not on the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s) and transfer(s) unto (please insert Social Security or other identifying number of assignee)

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ agent to transfer said Security on the books of the Corporation, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular without alteration or enlargement, or any change whatever.

Signature Guarantee: \_\_\_\_\_

SIGNATURE GUARANTEE

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT F

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company,  
N.A., as Trustee

By:

\_\_\_\_\_  
Authorized Signatory

F-1

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Exhibit 5.1

**DUKE ENERGY BUSINESS SERVICES LLC**  
550 S. Tryon Street  
Charlotte, North Carolina 28202  
August 12, 2016

Duke Energy Corporation  
550 S. Tryon Street  
Charlotte, North Carolina 28202-4200

Re: Duke Energy Corporation \$750 million 1.800% Senior Notes due 2021, \$1.5 billion 2.650% Senior Notes due 2026 and \$1.5 billion 3.750% Senior Notes due 2046

Ladies and Gentlemen:

I am Deputy General Counsel of Duke Energy Business Services LLC, the service company subsidiary of Duke Energy Corporation, a Delaware corporation (the "Company"), and in such capacity I have acted as counsel to the Company in connection with the public offering of \$750 million aggregate principal amount of the Company's 1.800% Senior Notes due 2021, \$1.5 billion aggregate principal amount of the Company's 2.650% Senior Notes due 2026 and \$1.5 billion aggregate principal amount of the Company's 3.750% Senior Notes due 2046 (collectively, the "Securities"). The Securities are being issued pursuant to an Indenture, dated as of June 3, 2008 (the "Original Indenture"), by and between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), as amended and supplemented by various supplemental indentures thereto, including the Fourteenth Supplemental Indenture, dated as of August 12, 2016 (the "Supplemental Indenture"), between the Company and the Trustee (the Original Indenture, as amended and supplemented, being referred to as the "Indenture"). On August 9, 2016, the Company entered into an Underwriting Agreement (the "Underwriting Agreement") with Barclays Capital Inc., Credit Suisse Securities (USA) LLC, Mizuho Securities USA Inc., MUFG Securities Americas Inc. and UBS Securities LLC, as representatives of the several underwriters named therein (the "Underwriters"), relating to the sale by the Company to the Underwriters of the Securities.

This opinion is being delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act").

I am a member of the bar of the State of North Carolina and my opinions set forth herein are limited to Delaware corporate law and the laws of the State of New York and the federal laws of the United States that, in my experience, are normally applicable to transactions of the type contemplated above and, to the extent that judicial or regulatory orders or decrees or consents, approvals, licenses, authorizations, validations, filings, recordings or registrations with governmental authorities are relevant, to those required under such laws (all of the foregoing being referred to as "Opined on Law"). I do not express any opinion with respect to the law of any jurisdiction other than Opined on Law or as to the effect of any such non-opined law on the opinions herein stated. This opinion is limited to the laws, including the rules and regulations, as in effect on the date hereof, which laws are subject to change with possible retroactive effect.

In rendering the opinion set forth herein, I or attorneys under my supervision (with whom I have consulted) have examined and are familiar with originals or copies, certified or otherwise identified to our satisfaction, of

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- (a) the registration statement on Form S-3 (File No. 333-191462) of the Company relating to the Securities and other securities of the Company filed on September 30, 2013, with the Securities and Exchange Commission (the "Commission") under the Securities Act, allowing for delayed offerings pursuant to Rule 415 under the Securities Act and the information deemed to be a part of such registration statement as of the date hereof pursuant to Rule 430B of the General Rules and Regulations under the Securities Act (the "Rules and Regulations") (such registration statement, effective upon filing with the Commission on September 30, 2013 pursuant to Rule 462(e) of the Rules and Regulations, being hereinafter referred to as the "Registration Statement");
  - (b) the prospectus, dated September 30, 2013 relating to the offering of securities of the Company, which forms a part of and is included in the Registration Statement in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;
  - (c) the preliminary prospectus supplement, dated August 9, 2016, and the prospectus, dated September 30, 2013, relating to the offering of the Securities in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;
  - (d) the prospectus supplement, dated August 9, 2016, and the prospectus, dated September 30, 2013, relating to the offering of the Securities in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;
  - (e) the Amended and Restated Certificate of Incorporation of the Company, dated as of May 19, 2014, as certified by the Secretary of State of the State of Delaware;
  - (f) the Amended and Restated By-laws of the Company, effective as of January 4, 2016;
  - (g) an executed copy of the Original Indenture;
  - (h) an executed copy of the Supplemental Indenture;
  - (i) an executed copy of the Underwriting Agreement;
  - (j) the certificates representing the Securities;
  - (k) the issuer free writing prospectus issued at or prior to 5:00 p.m. (Eastern time) on August 9, 2016, which the Company was advised is the time of the first contract of sale of the Securities, substantially in the form attached as Schedule C to the Underwriting Agreement and as filed with the Commission pursuant to Rule 433(d) of the Securities Act and Section 5(e) of the Underwriting Agreement;
  - (l) the Statement of Eligibility under the Trust Indenture Act of 1939, as amended, on Form T-1, of the Trustee;
  - (m) resolutions of the Board of Directors of the Company, adopted on August 27, 2013, relating to the preparation and filing with the Commission of the Registration Statement and the issuance of the Company's securities; and
  - (n) the written consent of the Assistant Treasurer of the Company, effective as of August 9, 2016.
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I or attorneys under my supervision (with whom I have consulted) have also examined originals or copies, certified or otherwise identified to my satisfaction, of such records of the Company and such agreements, certificates and receipts of public officials, certificates of officers or other representatives of the Company and others, and such other documents as I or attorneys under my supervision (with whom I have consulted) have deemed necessary or appropriate as a basis for the opinions set forth below.

In my examination, I or attorneys under my supervision (with whom I have consulted) have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as facsimile, electronic, certified, conformed, or photostatic copies, and the authenticity of the originals of such documents. In making my examination of executed documents or documents to be executed, I have assumed that the parties thereto, other than the Company had or will have the power, corporate or otherwise, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and the execution and delivery by such parties of such documents, and, as to parties other than the Company, the validity and binding effect on such parties. As to any facts material to this opinion that I or attorneys under my supervision (with whom I have consulted) did not independently establish or verify, we have relied upon oral or written statements and representations of officers and other representatives of the Company and others and of public officials.

The opinion set forth below is subject to the following further qualifications, assumptions and limitations:

(i) the validity or enforcement of any agreements or instruments may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law); and

(ii) I do not express any opinion as to the applicability or effect of any fraudulent transfer, preference or similar law on any agreements or instruments or any transactions contemplated thereby.

Based upon the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, I am of the opinion that the Securities have been duly authorized and executed by the Company, and that when duly authenticated by the Trustee and issued and delivered by the Company against payment therefor in accordance with the terms of the Underwriting Agreement and the Indenture, the Securities will constitute valid and binding obligations of the Company entitled to the benefits of the Indenture and enforceable against the Company in accordance with their terms.

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I hereby consent to the filing of this opinion with the Commission as Exhibit 5.1 to the Registration Statement through incorporation by reference of a current report on Form 8-K. I also hereby consent to the use of my name under the heading "Legal Matters" in the prospectus which forms a part of the Registration Statement. In giving this consent, I do not thereby admit that I am within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder. This opinion is expressed as of the date hereof unless otherwise expressly stated, and I disclaim any undertaking to advise you of any subsequent changes in the facts stated or assumed herein or of any subsequent changes in applicable laws.

Very truly yours,

/s/ Robert T. Lucas III  
Robert T. Lucas III, Esq.

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Exhibit 99.1

Execution Copy

**DUKE ENERGY CORPORATION**

\$750,000,000 1.800% SENIOR NOTES DUE 2021  
\$1,500,000,000 2.650% SENIOR NOTES DUE 2026  
\$1,500,000,000 3.750% SENIOR NOTES DUE 2046

**UNDERWRITING AGREEMENT**

August 9, 2016

Barclays Capital Inc.  
Credit Suisse Securities (USA) LLC  
Mizuho Securities USA Inc.  
MUFG Securities Americas Inc.  
UBS Securities LLC

As Representatives of the several Underwriters

c/o Barclays Capital Inc.  
745 Seventh Avenue  
New York, New York 10019

Ladies and Gentlemen:

1. *Introductory.* DUKE ENERGY CORPORATION, a Delaware corporation (the “Corporation”), proposes, subject to the terms and conditions stated herein, to issue and sell (i) \$750,000,000 aggregate principal amount of 1.800% Senior Notes due 2021 (the “2021 Notes”), (ii) \$1,500,000,000 aggregate principal amount of 2.650% Senior Notes due 2026 (the “2026 Notes”) and (iii) \$1,500,000,000 aggregate principal amount of 3.750% Senior Notes due 2046 (the “2046 Notes”) and, together with the 2021 Notes and the 2026 Notes, the “Notes”) to be issued pursuant to the provisions of an Indenture, dated as of June 3, 2008, as supplemented from time to time by supplemental indentures, including the Fourteenth Supplemental Indenture, to be dated as of August 12, 2016 (collectively, the “Indenture”), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (the “Trustee”). Barclays Capital Inc., Credit Suisse Securities (USA) LLC, Mizuho Securities USA Inc., MUFG Securities Americas Inc. and UBS Securities LLC (the “Representatives”) are acting as representatives of the several underwriters named in Schedule A hereto (together with the Representatives, the “Underwriters”). The Corporation understands that the several Underwriters propose to offer the Notes for sale upon the terms and conditions contemplated by (i) this Agreement and (ii) the Base Prospectus, the Preliminary Prospectus and any Permitted Free Writing Prospectus (each, as defined below) issued at or prior to the Applicable Time (as defined below) (such documents referred to in this subclause (ii) are referred to as the “Pricing Disclosure Package”).

2. *Representations and Warranties of the Corporation.* The Corporation represents and warrants to, and agrees with, the several Underwriters that:

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- (a) Registration statement (No. 333-191462), including a prospectus, relating to the Notes and certain other securities has been filed with the Securities and Exchange Commission (the “Commission”) under the Securities Act of 1933, as amended (the “1933 Act”). Such registration statement and any post-effective amendment thereto, each in the form heretofore delivered to you, became effective upon filing with the Commission pursuant to Rule 462 of the rules and regulations of the Commission under the 1933 Act (the “1933 Act Regulations”), and no stop order suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose or pursuant to Section 8A of the 1933 Act has been initiated or threatened by the Commission (if prepared, any preliminary prospectus supplement specifically relating to the Notes immediately prior to the Applicable Time included in such registration statement or filed with the Commission pursuant to Rule 424(b) of the 1933 Act Regulations being hereinafter called a “Preliminary Prospectus”); the term “Registration Statement” means the registration statement as deemed revised pursuant to Rule 430B(f)(1) of the 1933 Act Regulations on the date of such registration statement’s effectiveness for purposes of Section 11 of the 1933 Act, as such section applies to the Corporation and the Underwriters for the Notes pursuant to Rule 430B(f)(2) of the 1933 Act Regulations (the “Effective Date”), including all exhibits thereto and including the documents incorporated by reference in the prospectus contained in the Registration Statement at the time such part of the Registration Statement became effective; the term “Base Prospectus” means the prospectus filed with the Commission on the date hereof by the Corporation; and the term “Prospectus” means the Base Prospectus together with the prospectus supplement specifically relating to the Notes prepared in accordance with the provisions of Rule 430B and promptly filed after execution and delivery of this Agreement pursuant to Rule 430B or Rule 424(b) of the 1933 Act Regulations; any information included in such Prospectus that was omitted from the Registration Statement at the time it became effective but that is deemed to be a part of and included in such registration statement pursuant to Rule 430B is referred to as “Rule 430B Information;” and any reference herein to any Registration Statement, Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein prior to the date hereof; any reference to any amendment or supplement to any Preliminary Prospectus or Prospectus shall be deemed to refer to and include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Securities Exchange Act of 1934, as amended (the “1934 Act”), and incorporated by reference in such Preliminary Prospectus or Prospectus, as the case may be; and any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Corporation filed pursuant to Section 13(a) or 15(d) of the 1934 Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement. For purposes of this Agreement, the term “Applicable Time” means 5:00 p.m. (New York City time) on the date hereof.
- (b) The Registration Statement, the Permitted Free Writing Prospectus specified on Schedule B hereto, any Preliminary Prospectus and the Prospectus, conform, and any amendments or supplements thereto will conform, in all material respects to
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the requirements of the 1933 Act and the 1933 Act Regulations, and (A) the Registration Statement, as of the Effective Date, at each deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) of the 1933 Act Regulations, and at the Closing Date (as defined in Section 3), did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and (B) (i) the Pricing Disclosure Package, as of the Applicable Time, did not, (ii) the Prospectus and any amendment or supplement thereto, as of their dates, will not, and (iii) the Prospectus as of the Closing Date will not, include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the Corporation makes no warranty or representation to the Underwriters with respect to any statements or omissions made in reliance upon and in conformity with written information furnished to the Corporation by the Representatives on behalf of the Underwriters specifically for use in the Registration Statement, the Permitted Free Writing Prospectus, any Preliminary Prospectus or the Prospectus.

- (c) Any Permitted Free Writing Prospectus specified on Schedule B hereto as of its issue date and at all subsequent times through the completion of the public offer and sale of the Notes or until any earlier date that the Corporation notified or notifies the Underwriters as described in Section 5(f) did not, does not and will not include any information that conflicts with the information (not superseded or modified as of the Effective Date) contained in the Registration Statement, any Preliminary Prospectus or the Prospectus.
  - (d) At the earliest time the Corporation or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the 1933 Act Regulations) of the Notes, the Corporation was not an "ineligible issuer" as defined in Rule 405 of the 1933 Act Regulations. The Corporation is, and was at the time of the initial filing of the Registration Statement, eligible to use Form S-3 under the 1933 Act.
  - (e) The documents and interactive data in eXtensible Business Reporting Language ("XBRL") incorporated or deemed to be incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, at the time they were filed or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the "1934 Act Regulations"), and, when read together with the other information in the Prospectus, (a) at the time the Registration Statement became effective, (b) at the Applicable Time and (c) on the Closing Date did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.
  - (f) The compliance by the Corporation with all of the provisions of this Agreement has been duly authorized by all necessary corporate action and the consummation of the transactions herein contemplated will not conflict with or result in a breach
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or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Corporation or any of its Principal Subsidiaries (as hereinafter defined) is a party or by which any of them or their respective property is bound or to which any of their properties or assets is subject that would have a material adverse effect on the business, financial condition or results of operations of the Corporation and its subsidiaries, taken as a whole, nor will such action result in any violation of the provisions of the amended and restated Certificate of Incorporation (the "**Certificate of Incorporation**"), the amended and restated By-Laws (the "**By-Laws**") of the Corporation or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Corporation or its Principal Subsidiaries or any of their respective properties that would have a material adverse effect on the business, financial condition or results of operations of the Corporation and its subsidiaries, taken as a whole; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the consummation by the Corporation of the transactions contemplated by this Agreement, except for the approval of the North Carolina Utilities Commission which has been received as of the date of this Agreement, registration under the 1933 Act of the Notes, qualification under the Trust Indenture Act of 1939 (the "**1939 Act**") and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Underwriters.

- (g) This Agreement has been duly authorized, executed and delivered by the Corporation.
  - (h) Each of Duke Energy Carolinas, LLC, a North Carolina limited liability company, Duke Energy Indiana, LLC, an Indiana limited liability company, Progress Energy, Inc., a North Carolina corporation, Duke Energy Progress, LLC, a North Carolina limited liability company, and Duke Energy Florida, LLC, a Florida limited liability company, is a "significant subsidiary" of the Corporation within the meaning of Rule 405 under the 1933 Act (herein collectively referred to, along with Duke Energy Ohio, Inc., an Ohio corporation, as the "**Principal Subsidiaries**").
  - (i) The Indenture has been duly authorized, executed and delivered by the Corporation and duly qualified under the 1939 Act and, assuming the due authorization, execution and delivery thereof by the Trustee, constitutes a valid and legally binding instrument of the Corporation enforceable against the Corporation in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).
  - (j) The Notes have been duly authorized and when executed by the Corporation and, when authenticated by the Trustee, in the manner provided in the Indenture and
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delivered against payment therefor, will constitute valid and legally binding obligations of the Corporation, enforceable against the Corporation in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and are entitled to the benefits afforded by the Indenture in accordance with the terms of the Indenture and the Notes.

- (k) Any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument filed or incorporated by reference as an exhibit to the Registration Statement or the Annual Report on Form 10-K of the Corporation for the fiscal year ended December 31, 2015 or any subsequent Quarterly Report on Form 10-Q of the Corporation or Current Report on Form 8-K of the Corporation, except to the extent that such agreement is no longer in effect or to the extent that neither the Corporation nor any subsidiary of the Corporation is currently a party to such agreement, are all indentures, mortgages, deeds of trust, loan agreements or other agreements or instruments that are material to the Corporation.
  - (l) The Corporation is not required to be qualified as a foreign corporation to transact business in Indiana, North Carolina, Ohio, South Carolina and Florida.
  - (m) The pro forma financial statements of the Corporation and its subsidiaries and the related notes thereto incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein.
  - (n) The execution, delivery and performance of the Agreement and Plan of Merger (the "Merger Agreement"), dated as of October 24, 2015, among the Corporation, Forest Subsidiary, Inc. and Piedmont Natural Gas Company, Inc. and the consummation by the Corporation of the transactions contemplated hereby have been duly and validly adopted and unanimously approved by the Board of Directors of the Corporation. The Merger Agreement has been duly and validly executed and delivered by the Corporation and, assuming the Merger Agreement constitutes the legal, valid and binding obligation of Piedmont Natural Gas Company, Inc., constitutes a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, except that such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, relating to creditors' rights generally and to general equitable principles. No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body having jurisdiction over the Corporation or its Principal Subsidiaries or any of their respective properties is required for the consummation by the Corporation of the transactions contemplated by the Merger Agreement, except such as has been obtained or are contemplated or as are disclosed in the Merger Agreement or the Pricing Disclosure Package.
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3. *Purchase, Sale and Delivery of Notes.* On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Corporation agrees to sell to the Underwriters, and the Underwriters agree, severally and not jointly, to purchase from the Corporation, at a purchase price of (i) 99.390% of the principal amount of the 2021 Notes plus accrued interest, if any, from August 12, 2016 (and in the manner set forth below), (ii) 99.042% of the principal amount of the 2026 Notes plus accrued interest, if any, from August 12, 2016 (and in the manner set forth below) and (iii) 99.069% of the principal amount of the 2046 Notes plus accrued interest, if any, from August 12, 2016 (and in the manner set forth below), the respective principal amounts of Notes set forth opposite the names of the Underwriters in Schedule A hereto plus the respective principal amounts of additional Notes which each such Underwriter may become obligated to purchase pursuant to the provisions of Section 8 hereof. The Underwriters hereby agree to make a payment to the Corporation in an amount equal to \$6,750,000 including in respect of expenses incurred by us in connection with the offering of the Notes.

Payment of the purchase price for the Notes to be purchased by the Underwriters and the payment referred to above shall be made at the offices of Hunton & Williams LLP, 200 Park Avenue, 52<sup>nd</sup> Floor, New York, NY 10166, or at such other place as shall be mutually agreed upon by the Representatives and the Corporation, at 10:00 a.m., New York City time, on August 12, 2016 or such other time and date as shall be agreed upon in writing by the Corporation and the Representatives (the "Closing Date"). All other documents referred to herein that are to be delivered at the Closing Date shall be delivered at that time at the offices of Sidley Austin LLP, 787 Seventh Avenue, New York, NY 10019. Payment shall be made to the Corporation by wire transfer in immediately available funds, payable to the order of the Corporation against delivery of the Notes, in fully registered form, to you or upon your order. The 2021 Notes, the 2026 Notes and the 2046 Notes shall each be delivered in the form of one or more global certificates in aggregate denomination equal to the aggregate principal amount of the respective 2021 Notes, 2026 Notes and 2046 Notes upon original issuance and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC").

4. *Offering by the Underwriters.* It is understood that the several Underwriters propose to offer the Notes for sale to the public as set forth in the Pricing Disclosure Package and the Prospectus.

5. *Covenants of the Corporation.* The Corporation covenants and agrees with the several Underwriters that:

- (a) The Corporation will cause any Preliminary Prospectus and the Prospectus to be filed pursuant to, and in compliance with, Rule 424(b) of the 1933 Act Regulations, and advise the Underwriters promptly of the filing of any amendment or supplement to the Registration Statement, any Preliminary Prospectus or the Prospectus and of the institution by the Commission of any stop order proceedings in respect of the Registration Statement, and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.
  - (b) If at any time when a prospectus relating to the Notes (or the notice referred to in Rule 173(a) of the 1933 Act Regulations) is required to be delivered under the
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1933 Act any event occurs as a result of which the Pricing Disclosure Package or the Prospectus as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Pricing Disclosure Package or the Prospectus to comply with the 1933 Act, the Corporation promptly will prepare and file with the Commission an amendment, supplement or an appropriate document pursuant to Section 13 or 14 of the 1934 Act which will correct such statement or omission or which will effect such compliance.

- (c) The Corporation, during the period when a prospectus relating to the Notes is required to be delivered under the 1933 Act, will timely file all documents required to be filed with the Commission pursuant to Section 13 or 14 of the 1934 Act.
  - (d) Without the prior consent of the Underwriters, the Corporation has not made and will not make any offer relating to the Notes that would constitute a "free writing prospectus" as defined in Rule 405 of the 1933 Act Regulations, other than a Permitted Free Writing Prospectus; each Underwriter, severally and not jointly, represents and agrees that, without the prior consent of the Corporation, it has not made and will not make any offer relating to the Notes that would constitute a "free writing prospectus" as defined in Rule 405 of the 1933 Act Regulations, other than a Permitted Free Writing Prospectus or a free writing prospectus that is not required to be filed by the Corporation pursuant to Rule 433 of the 1933 Act Regulations ("Rule 433"); any such free writing prospectus (which shall include the pricing term sheet discussed in Section 5(e) below), the use of which has been consented to by the Corporation and the Underwriters, is listed on Schedule B and herein is called a "Permitted Free Writing Prospectus." The Corporation represents that it has treated or agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping.
  - (e) The Corporation agrees to prepare a term sheet specifying the terms of the Notes not contained in any Preliminary Prospectus, substantially in the form of Schedule C hereto and approved by the Representatives on behalf of the Underwriters, and to file such pricing term sheet as an "issuer free writing prospectus" pursuant to Rule 433 prior to the close of business two business days after the date hereof.
  - (f) The Corporation agrees that if at any time following the issuance of a Permitted Free Writing Prospectus any event occurs as a result of which such Permitted Free Writing Prospectus would conflict with the information (not superseded or modified as of the Effective Date) in the Registration Statement, the Pricing Disclosure Package or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances then prevailing, not misleading,
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the Corporation will give prompt notice thereof to the Underwriters and, if requested by the Underwriters, will prepare and furnish without charge to each Underwriter a free writing prospectus or other document, the use of which has been consented to by the Underwriters, which will correct such conflict, statement or omission.

- (g) The Corporation will make generally available to its security holders, in each case as soon as practicable but not later than 60 days after the close of the period covered thereby, earnings statements (in form complying with the provisions of Rule 158 under the 1933 Act, which need not be certified by independent certified public accountants unless required by the 1933 Act) covering (i) a twelve-month period beginning not later than the first day of the Corporation's fiscal quarter next following the effective date of the Registration Statement and (ii) a twelve-month period beginning not later than the first day of the Corporation's fiscal quarter next following the date of this Agreement.
  - (h) The Corporation will furnish to you, without charge, copies of the Registration Statement (four of which will include all exhibits other than those incorporated by reference), the Pricing Disclosure Package and the Prospectus, and all amendments and supplements to such documents, in each case as soon as available and in such quantities as you reasonably request.
  - (i) The Corporation will arrange or cooperate in arrangements for the qualification of the Notes for sale under the laws of such jurisdictions as you designate and will continue such qualifications in effect so long as required for the distribution; provided, however, that the Corporation shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state where it is not now so subject.
  - (j) The Corporation will pay all expenses incident to the performance of its obligations under this Agreement including (i) the printing and filing of the Registration Statement and the printing of this Agreement and any Blue Sky Survey, (ii) the preparation and printing of certificates for the Notes, (iii) the issuance and delivery of the Notes as specified herein, (iv) the fees and disbursements of counsel for the Underwriters in connection with the qualification of the Notes under the securities laws of any jurisdiction in accordance with the provisions of Section 5(i) and in connection with the preparation of the Blue Sky Survey, such fees not to exceed \$5,000, (v) the printing and delivery to the Underwriters, in quantities as hereinabove referred to, of copies of the Registration Statement and any amendments thereto, of any Preliminary Prospectus, of the Prospectus, of any Permitted Free Writing Prospectus and any amendments or supplements thereto, (vi) any fees charged by independent rating agencies for rating the Notes, (vii) any fees and expenses in connection with the listing of the Notes on the New York Stock Exchange, (viii) any filing fee required by the Financial Industry Regulatory Authority, Inc., (ix) the costs of any depository arrangements for the Notes with DTC or any successor depository and (x) the costs and expenses of the Corporation relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of
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the Notes, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Corporation, travel and lodging expenses of the Underwriters and officers of the Corporation and any such consultants, and the cost of any aircraft chartered in connection with the road show; provided, however, the Underwriters shall reimburse a portion of the costs and expenses referred to in this clause (x).

6. *Conditions of the Obligations of the Underwriters.* The obligations of the several Underwriters to purchase and pay for the Notes will be subject to the accuracy of the representations and warranties on the part of the Corporation herein, to the accuracy of the statements of officers of the Corporation made pursuant to the provisions hereof, to the performance by the Corporation of its obligations hereunder and to the following additional conditions precedent:

- (a) The Prospectus shall have been filed by the Corporation with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for filing by the 1933 Act Regulations and in accordance herewith and each Permitted Free Writing Prospectus shall have been filed by the Corporation with the Commission within the applicable time periods prescribed for such filings by, and otherwise in compliance with, Rule 433.
  - (b) On or after the Applicable Time and prior to the Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose or pursuant to Section 8A of the 1933 Act shall have been instituted or, to the knowledge of the Corporation or you, shall be threatened by the Commission.
  - (c) On or after the Applicable Time and prior to the Closing Date, the rating assigned by Moody's Investors Service, Inc., Standard & Poor's Ratings Services or Fitch Ratings, Inc. (or any of their successors) to any debt securities or preferred stock of the Corporation as of the date of this Agreement shall not have been lowered.
  - (d) Since the respective most recent dates as of which information is given in the Pricing Disclosure Package and the Prospectus and up to the Closing Date, there shall not have been any material adverse change in the condition of the Corporation, financial or otherwise, except as reflected in or contemplated by the Pricing Disclosure Package and the Prospectus, and, since such dates and up to the Closing Date, there shall not have been any material transaction entered into by the Corporation other than transactions contemplated by the Pricing Disclosure Package and the Prospectus and transactions in the ordinary course of business, the effect of which in your reasonable judgment is so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Notes on the terms and in the manner contemplated by the Pricing Disclosure Package and the Prospectus.
  - (e) You shall have received an opinion of Robert T. Lucas III, Esq., Deputy General Counsel of Duke Energy Business Services, LLC, a service company subsidiary of the Corporation, dated the Closing Date, to the effect that:
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- (i) Each of Duke Energy Ohio, Inc. and Progress Energy, Inc., has been duly incorporated and is validly existing in good standing under the laws of the jurisdiction of its incorporation and has the respective corporate power and authority and foreign qualifications necessary to own its properties and to conduct its business as described in the Pricing Disclosure Package and the Prospectus. Each of Duke Energy Carolinas, LLC, Duke Energy Florida, LLC (*f/k/a* Duke Energy Florida, Inc.), Duke Energy Indiana, LLC (*f/k/a* Duke Energy Indiana, Inc.) and Duke Energy Progress, LLC (*f/k/a* Duke Energy Progress, Inc.) has been duly organized and is validly existing and in good standing as a limited liability company under the laws of the State of North Carolina, the State of Florida, the State of Indiana and the State of North Carolina, respectively, and has full limited liability company power and authority necessary to own its properties and to conduct its business as described in the Pricing Disclosure Package and the Prospectus;
  - (ii) Each of the Corporation and the Principal Subsidiaries is duly qualified to do business in each jurisdiction in which the ownership or leasing of its property or the conduct of its business requires such qualification, except where the failure to so qualify, considering all such cases in the aggregate, does not have a material adverse effect on the business, properties, financial condition or results of operations of the Corporation and its subsidiaries taken as a whole.
  - (iii) The Registration Statement became effective upon filing with the Commission pursuant to Rule 462 of the 1933 Act Regulations, and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened under the 1933 Act.
  - (iv) The descriptions in the Registration Statement, the Pricing Disclosure Package and the Prospectus of any legal or governmental proceedings are accurate and fairly present the information required to be shown, and such counsel does not know of any litigation or any legal or governmental proceeding instituted or threatened against the Corporation or any of its Principal Subsidiaries or any of their respective properties that would be required to be disclosed in the Registration Statement, the Pricing Disclosure Package or the Prospectus and is not so disclosed.
  - (v) This Agreement has been duly authorized, executed and delivered by the Corporation.
  - (vi) The execution, delivery and performance by the Corporation of this Agreement and the Indenture and the issue and sale of the Notes will not violate or contravene any of the provisions of the Certificate of Incorporation or By-Laws of the Corporation or any statute or any order, rule or regulation of which such counsel is aware of any court or
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governmental agency or body having jurisdiction over the Corporation or any of its Principal Subsidiaries or any of their respective property, nor will such action conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument known to such counsel to which the Corporation or any of its Principal Subsidiaries is a party or by which any of them or their respective property is bound or to which any of its property or assets is subject, which affects in a material way the Corporation's ability to perform its obligations under this Agreement, the Indenture and the Notes.

- (vii) The Indenture has been duly authorized, executed and delivered by the Corporation and, assuming the due authorization, execution and delivery thereof by the Trustee, constitutes a valid and legally binding instrument of the Corporation, enforceable against the Corporation in accordance with its terms.
- (viii) The Notes have been duly authorized, executed and issued by the Corporation and, when authenticated by the Trustee, in the manner provided in the Indenture and delivered against payment therefor, will constitute valid and legally binding obligations of the Corporation enforceable against the Corporation in accordance with their terms, and are entitled to the benefits afforded by the Indenture in accordance with the terms of the Indenture and the Notes.
- (ix) No consent, approval, authorization, order, registration or qualification is required to authorize, or for the Corporation to consummate the transactions contemplated by this Agreement, except for such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Underwriters and except as required in Condition 7.6 of the order of the North Carolina Utilities Commission dated June 29, 2012, in Docket No. E-7, sub 986, which consent has been obtained.

Such counsel may state that his opinions in paragraphs (vii) and (viii) are subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law). Such counsel shall state that nothing has come to his attention that has caused him to believe that each document incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, when filed, was not, on its face, appropriately responsive, in all material respects, to the requirements of the 1934 Act and the 1934 Act Regulations. Such counsel shall also state that nothing has come to his attention that has caused him to believe that (i) the Registration Statement, including the Rule 430B Information, as of its effective date and at each deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) of the 1933 Act Regulations, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not

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misleading, (ii) the Pricing Disclosure Package at the Applicable Time contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (iii) that the Prospectus or any amendment or supplement thereto, as of their respective dates and at the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Such counsel may also state that, except as otherwise expressly provided in such opinion, he does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in or incorporated by reference into the Registration Statement, the Pricing Disclosure Package or the Prospectus and does not express any opinion or belief as to (i) the financial statements or other financial and accounting data contained or incorporated by reference therein, including XBRL interactive data, (ii) the statement of the eligibility and qualification of the Trustee included in the Registration Statement (the "Form T-1") or (iii) the information in the Prospectus under the caption "Book-Entry System."

In rendering the foregoing opinion, such counsel may state that he does not express any opinion concerning any law other than the law of the State of North Carolina or, to the extent set forth in the foregoing opinions, the federal securities laws and may rely as to all matters of the laws of the States of South Carolina, Ohio, Indiana and Florida on appropriate counsel reasonably satisfactory to the Representatives, which may include the Corporation's other "in-house" counsel). Such counsel may also state that he has relied as to certain factual matters on information obtained from public officials, officers of the Corporation and other sources believed by him to be responsible.

- (f) You shall have received an opinion of Hunton & Williams LLP, counsel to the Corporation, dated the Closing Date, to the effect that:
- (i) The Corporation has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Delaware.
  - (ii) The Corporation has the corporate power and corporate authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby.
  - (iii) This Agreement has been duly authorized, executed and delivered by the Corporation.
  - (iv) The Indenture has been duly authorized, executed and delivered by the Corporation and constitutes the valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms.
  - (v) The Notes have been duly authorized and executed by the Corporation, and when duly authenticated by the Trustee and issued and delivered by the Corporation against payment therefor in accordance with the terms of this Agreement and the Indenture, the Notes will constitute the valid and binding obligations of the Corporation, entitled to the benefits of the
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Indenture and enforceable against the Corporation in accordance with their terms.

- (vi) The statements (i) under the caption "Description of Debt Securities" (other than under the caption "Global Securities") that are included in the Base Prospectus and (ii) under the caption "Description of the Notes" in the Pricing Disclosure Package and the Prospectus, insofar as such statements purport to summarize certain provisions of the Indenture and the Notes, fairly summarize such provisions in all material respects.
  - (vii) No Governmental Approval, which has not been obtained or taken and is not in full force and effect, is required to authorize, or is required for, the execution or delivery of this Agreement by the Corporation or the consummation by the Corporation of the transactions contemplated hereby, except for such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Underwriters. "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, qualification or registration with, any Governmental Authority required to be made or obtained by the Corporation pursuant to Applicable Laws, other than any consent, approval, license, authorization, validation, filing, qualification or registration that may have become applicable as a result of the involvement of any party (other than the Corporation) in the transactions contemplated by this Agreement or because of such parties' legal or regulatory status or because of any other facts specifically pertaining to such parties and "Governmental Authority" means any court, regulatory body, administrative agency or governmental body of the State of North Carolina, the State of New York or the State of Delaware or the United States of America having jurisdiction over the Corporation under Applicable Law but excluding the North Carolina Utilities Commission, the New York Public Service Commission and the Delaware Public Service Commission.
  - (viii) The Corporation is not and, solely after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, will not be subject to registration and regulation as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.
  - (ix) The execution and delivery by the Corporation of this Agreement and the Indenture and the consummation by the Corporation of the transactions contemplated hereby, including the issuance and sale of the Notes, will not (i) conflict with the Certificate of Incorporation or the By-Laws, (ii) constitute a violation of, or a breach or default under, the terms of any of the contracts set forth on Schedule D hereto or (iii) violate or conflict with, or result in any contravention of, any Applicable Law of the State of New York or the General Corporation Law of the State of Delaware. Such
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counsel shall state that it does not express any opinion, however, as to whether the execution, delivery or performance by the Corporation of this Agreement or the Indenture will constitute a violation of, or a default under, any covenant, restriction or provision with respect to financial ratios or tests or any aspect of the financial condition or results or operations of the Corporation or any of its subsidiaries. "Applicable Law" means the General Corporation Law of the State of Delaware and those laws, rules and regulations of the States of New York and North Carolina and those federal laws, rules and regulations of the United States of America, in each case that, in such counsel's experience, are normally applicable to transactions of the type contemplated by this Agreement (other than the United States federal securities laws, state securities or Blue Sky laws, antifraud laws and the rules and regulations of the Financial Industry Regulatory Authority, Inc., the North Carolina Public Utilities Act, the rules and regulations of the North Carolina Utilities Commission and the New York State Public Service Commission and the New York State Public Service Law), but without such counsel having made any special investigation as to the applicability of any specific law, rule or regulation.)

- (x) The statements in the Pricing Disclosure Package and the Prospectus under the caption "Underwriting," insofar as such statements purport to summarize certain provisions of this Agreement, fairly summarize such provisions in all material respects.

You shall also have received a statement of Hunton & Williams LLP, dated the Closing Date, to the effect that:

(i) no facts have come to such counsel's attention that have caused such counsel to believe that the documents filed by the Corporation under the 1934 Act and the 1934 Act Regulations that are incorporated by reference in the Preliminary Prospectus Supplement that forms a part of the Pricing Disclosure Package and the Prospectus, when filed, were not, on their face, appropriately responsive in all material respects to the requirements of the 1934 Act and the 1934 Act Regulations (except that in each case such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, compliance with XBRL interactive data requirements or the Form T-1) (ii) the Registration Statement, at the Applicable Time and the Prospectus, as of its date, appeared on their face to be appropriately responsive in all material respects to the requirements of the 1933 Act and the 1933 Act Rules and Regulations (except that in each case such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, compliance with XBRL interactive data requirements or the Form T-1) and (iii) no facts have come to such counsel's attention that have caused such counsel to believe that the Registration Statement, at the Applicable Time, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus, as of its date and as of the Closing Date, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances

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under which they were made, not misleading (except that in each case such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, including XBRL interactive data, or the statements contained in the exhibits to the Registration Statement, including the Form T-1). Such counsel shall further state that, in addition, no facts have come to such counsel's attention that have caused such counsel to believe that the Pricing Disclosure Package, as of the Applicable Time, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, including XBRL interactive data, or the statements contained in the exhibits to the Registration Statement, including the Form T-1).

In addition, such statement shall confirm that the Prospectus has been filed with the Commission within the time period required by Rule 424 of the 1933 Act Regulations and any required filing of a Permitted Free Writing Prospectus pursuant to Rule 433 of the 1933 Act Regulations has been filed with the Commission within the time period required by Rule 433(d) of the 1933 Act Regulations. Such statement shall further state that assuming the accuracy of the representations and warranties of the Corporation set forth in Section 2 of this Agreement, the Registration Statement became effective upon filing with the Commission pursuant to Rule 462 of the 1933 Act Regulations and, pursuant to Section 309 of the Trust Indenture Act of 1939, as amended (the "1939 Act"), the Indenture has been qualified under the 1939 Act, and that based solely on such counsel's review of the Commission's website, no stop order suspending the effectiveness of the Registration Statement has been issued and, to such counsel's knowledge, no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

Hunton & Williams LLP may state that its opinions in paragraphs (v) and (vi) are subject to the effects of bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law). In addition, such counsel may state that it has relied as to certain factual matters on information obtained from public officials, officers and representatives of the Corporation and that the signatures on all documents examined by them are genuine, assumptions which such counsel have not independently verified.

- (g) You shall have received an opinion of Sidley Austin LLP, counsel for the Underwriters, dated the Closing Date, with respect to the validity of the Notes, the Registration Statement, the Pricing Disclosure Package and the Prospectus, as amended or supplemented, and such other related matters as you may require, and the Corporation shall have furnished to such counsel such documents as it requests for the purpose of enabling them to pass upon such matters.
  - (h) On or after the Applicable Time, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally or of the securities of the Corporation, on the New York Stock Exchange; or (ii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities or a material disruption in
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commercial banking services or securities settlement or clearance services in the United States; or (iii) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this subsection (h) in your reasonable judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Notes on the terms and in the manner contemplated in the Pricing Disclosure Package and the Prospectus. In such event there shall be no liability on the part of any party to any other party except as otherwise provided in Section 7 hereof and except for the expenses to be borne by the Corporation as provided in Section 5(j) hereof.

- (i) You shall have received a certificate of the Chairman of the Board, the President, any Vice President, the Secretary or an Assistant Secretary and any financial or accounting officer of the Corporation, dated the Closing Date, in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of the Corporation in this Agreement are true and correct as of the Closing Date, that the Corporation has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Date, that the conditions specified in Section 6(c) and Section 6(d) have been satisfied, and that no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are threatened by the Commission.
- (j) At the time of the execution of this Agreement, you shall have received a letter dated such date, in form and substance satisfactory to you, from Deloitte & Touche LLP, the Corporation's independent registered public accounting firm, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained or incorporated by reference into the Registration Statement, the Pricing Disclosure Package and the Prospectus, including specific references to inquiries regarding any increase in long-term debt (excluding current maturities), decrease in net current assets (defined as current assets less current liabilities) or shareholders' equity, change in the Corporation's common stock, and decrease in operating revenues or net income for the period subsequent to the latest financial statements incorporated by reference in the Registration Statement when compared with the corresponding period from the preceding year, as of a specified date not more than three business days prior to the date of this Agreement.
- (k) At the Closing Date, you shall have received from Deloitte & Touche LLP, a letter dated as of the Closing Date, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (j) of this Section 6, except that the specified date referred to shall be not more than three business days prior to the Closing Date.

The Corporation will furnish you with such conformed copies of such opinions, certificates, letters and documents as you reasonably request.

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7. *Indemnification.* (a) The Corporation agrees to indemnify and hold harmless each Underwriter, their respective officers and directors, and each person, if any, who controls any Underwriter or within the meaning of Section 15 of the 1933 Act, as follows:

- (i) against any and all loss, liability, claim, damage and expense whatsoever arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto) including the Rule 430B Information, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto), any Permitted Free Writing Prospectus or any issuer free writing prospectus as defined in Rule 433 of the 1933 Act Regulations, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with written information furnished to the Corporation by the Representatives on behalf of the Underwriters expressly for use in the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or any Permitted Free Writing Prospectus;
- (ii) against any and all loss, liability, claim, damage and expense whatsoever to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Corporation; and
- (iii) against any and all expense whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) of this Section 7.

In no case shall the Corporation be liable under this indemnity agreement with respect to any claim made against any Underwriter or any such controlling person unless the Corporation shall be notified in writing of the nature of the claim within a reasonable time after the assertion thereof, but failure so to notify the Corporation shall not relieve it from any liability which it may have otherwise than under subsections 7(a) and 7(b). The Corporation shall be entitled to participate at its own expense in the defense, or, if it so elects, within a reasonable time after receipt of such notice, to assume the defense of any suit brought to enforce any such claim, but if it so elects to assume the defense, such defense shall be conducted by counsel chosen by it and approved by the Underwriter or Underwriters or controlling person or persons, or defendant or defendants in any suit so brought, which approval shall not be unreasonably withheld. In any

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such suit, any Underwriter or any such controlling person shall have the right to employ its own counsel, but the fees and expenses of such counsel shall be at the expense of such Underwriter or such controlling person unless (i) the Corporation and such Underwriter shall have mutually agreed to the employment of such counsel, or (ii) the named parties to any such action (including any impleaded parties) include both such Underwriter or such controlling person and the Corporation and such Underwriter or such controlling person shall have been advised by such counsel that a conflict of interest between the Corporation and such Underwriter or such controlling person may arise and for this reason it is not desirable for the same counsel to represent both the indemnifying party and also the indemnified party (it being understood, however, that the Corporation shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for all such Underwriters and all such controlling persons, which firm shall be designated in writing by you). The Corporation agrees to notify you within a reasonable time of the assertion of any claim against it, any of its officers or directors or any person who controls the Corporation within the meaning of Section 15 of the 1933 Act, in connection with the sale of the Notes.

- (b) Each Underwriter severally agrees that it will indemnify and hold harmless the Corporation, its directors and each of the officers of the Corporation who signed the Registration Statement and each person, if any, who controls the Corporation within the meaning of Section 15 of the 1933 Act to the same extent as the indemnity contained in subsection (a) of this Section, but only with respect to statements or omissions made in the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or any Permitted Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Corporation by the Representatives on behalf of the Underwriters expressly for use in the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or any Permitted Free Writing Prospectus. In case any action shall be brought against the Corporation or any person so indemnified based on the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or any Permitted Free Writing Prospectus and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Corporation, and the Corporation and each person so indemnified shall have the rights and duties given to the Underwriters, by the provisions of subsection (a) of this Section.
  - (c) No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding and does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.
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- (d) If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified party in respect of any and all loss, liability, claim, damage and expense whatsoever (or actions in respect thereof) that would otherwise have been indemnified under the terms of such indemnity, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Corporation on the one hand and the Underwriters on the other from the offering of the Notes. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Corporation on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Corporation on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Corporation bear to the total compensation received by the Underwriters in respect of the underwriting discount as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Corporation on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Corporation and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section. The amount paid or payable by an indemnified party as a result of the losses, liabilities, claims, damages or expenses (or actions in respect thereof) referred to above in this Section shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Notes underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute are several in proportion to their respective underwriting obligations and not joint.
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8. *Default by One or More of the Underwriters.* (a) If any Underwriter shall default in its obligation to purchase the principal amount of the 2021 Notes, 2026 Notes or 2046 Notes, as applicable, which it has agreed to purchase hereunder on the Closing Date, you may in your discretion arrange for you or another party or other parties to purchase such 2021 Notes, 2026 Notes and/or 2046 Notes, as applicable, on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Notes, then the Corporation shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Notes on such terms. In the event that, within the respective prescribed periods, you notify the Corporation that you have so arranged for the purchase of such Notes, or the Corporation notifies you that it has so arranged for the purchase of such Notes, you or the Corporation shall have the right to postpone such Closing Date for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Pricing Disclosure Package or the Prospectus, or in any other documents or arrangements, and the Corporation agrees to file promptly any amendments to the Registration Statement, the Pricing Disclosure Package or the Prospectus which may be required. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Notes.

- (b) If, after giving effect to any arrangements for the purchase of the Notes of a defaulting Underwriter or Underwriters by you or the Corporation as provided in subsection (a) above, the aggregate amount of such Notes which remains unpurchased does not exceed one-tenth of the aggregate amount of all the Notes to be purchased at such Closing Date, then the Corporation shall have the right to require each non-defaulting Underwriter to purchase the amount of Notes which such Underwriter agreed to purchase hereunder at such Closing Date and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the amounts of Notes which such Underwriter agreed to purchase hereunder) of the Notes of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.
- (c) If, after giving effect to any arrangements for the purchase of the Notes of a defaulting Underwriter or Underwriters by you or the Corporation as provided in subsection (a) above, the aggregate amount of such Notes which remains unpurchased exceeds one-tenth of the aggregate amount of all the Notes to be purchased at such Closing Date, or if the Corporation shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Notes of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Corporation, except for the expenses to be borne by the Corporation as provided in Section 5(j) hereof and the indemnity and contribution agreement in Section 7 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

9. *Representations and Indemnities to Survive Delivery.* The respective indemnities, agreements, representations, warranties and other statements of the Corporation or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in

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full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter or the Corporation, or any of its officers or directors or any controlling person, and will survive delivery of and payment for the Notes.

10. *Reliance on Your Acts.* In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the Corporation shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives.

11. *No Fiduciary Relationship.* The Corporation acknowledges and agrees that (i) the purchase and sale of the Notes pursuant to this Agreement is an arm's-length commercial transaction between the Corporation on the one hand, and the Underwriters on the other hand, (ii) in connection with the offering contemplated hereby and the process leading to such transaction, each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Corporation or its shareholders, creditors, employees, or any other party, (iii) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Corporation with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Corporation on other matters) and no Underwriter has any obligation to the Corporation with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (iv) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Corporation, and (v) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the transaction contemplated hereby and the Corporation has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

12. *Notices.* All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed or telecopied and confirmed to Barclays Capital Inc., 745 Seventh Avenue, New York, New York 10019, Attention: Syndicate Registration (Fax no.: (646) 834-8133); Credit Suisse Securities (USA) LLC, 11 Madison Avenue, New York, New York 10010 Attention: LCD-IBD, (Fax no.: (212) 325-4296); Mizuho Securities USA Inc., 320 Park Avenue — 12<sup>th</sup> Floor, New York, New York 10022, Attention: Debt Capital Markets Desk, (Fax no.: (212) 205-7812); MUFG Securities Americas Inc., 1221 Avenue of the Americas, 6<sup>th</sup> Floor, New York, New York 10020, Attention: Capital Markets Group (Fax no.: (646) 434-3455); UBS Securities LLC, 1285 Avenue of the Americas, New York, New York 10019, Attention: Fixed Income Syndicate, (Fax no.: (203) 719-0495) or, if sent to the Corporation, will be mailed or telecopied and confirmed to it at 550 S. Tryon Street, Charlotte, N.C. 28202, (Fax no.: (980) 373-3699), attention of Treasurer. Any such communications shall take effect upon receipt thereof.

13. *Business Day.* As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

14. *Successors.* This Agreement shall inure to the benefit of and be binding upon the Underwriters and the Corporation and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons, officers and directors referred to in Section 7 and their respective successors, heirs and

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legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained; this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and their respective successors and said controlling persons, officers and directors and their respective successors, heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Notes from any Underwriter shall be deemed to be a successor or assign by reason merely of such purchase.

15. *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

16. *Applicable Law.* This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

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*Execution Copy*

If the foregoing is in accordance with your understanding, kindly sign and return to us two counterparts hereof, and upon confirmation and acceptance by the Underwriters, this letter and such confirmation and acceptance will become a binding agreement between the Corporation, on the one hand, and each of the Underwriters, on the other hand, in accordance with its terms.

Very truly yours,

DUKE ENERGY CORPORATION

By: /s/ John L. Sullivan, III  
Name: John L. Sullivan, III  
Title: Assistant Treasurer

*[Signature Page to Underwriting Agreement]*

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The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

BARCLAYS CAPITAL INC.  
CREDIT SUISSE SECURITIES (USA) LLC  
MIZUHO SECURITIES USA INC.  
MUFG SECURITIES AMERICAS INC.  
UBS SECURITIES LLC

On behalf of each of the Underwriters

BARCLAYS CAPITAL INC.

By: /s/ Robert A. Stowe  
Name: Robert A. Stowe  
Title: Managing Director

CREDIT SUISSE SECURITIES (USA) LLC

By: /s/ Nevin Bhatia  
Name: Nevin Bhatia  
Title: Director

MIZUHO SECURITIES USA INC.

By: /s/ Okwudiri Onyedum  
Name: Okwudiri Onyedum  
Title: Managing Director

MUFG SECURITIES AMERICAS INC.

By: /s/ Brian Cogliandro  
Name: Brian Cogliandro  
Title: Managing Director

UBS SECURITIES LLC

By: /s/ Andrew Cardamone  
Name: Andrew Cardamone  
Title: Executive Director

By: /s/ Prath Reddy  
Name: Prath Reddy  
Title: Associate Director

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SCHEDULE A

Underwriter	Principal Amount of 2021 Notes to be Purchased	Principal Amount of 2026 Notes to be Purchased	Principal Amount of 2046 Notes to be Purchased
Barclays Capital Inc.	\$ 300,000,000	\$ 600,000,000	\$ 600,000,000
Credit Suisse Securities (USA) LLC	42,375,000	84,750,000	84,750,000
Mizuho Securities USA Inc.	42,375,000	84,750,000	84,750,000
MUFG Securities Americas Inc.	42,375,000	84,750,000	84,750,000
UBS Securities LLC	42,375,000	84,750,000	84,750,000
BNP Paribas Securities Corp.	21,750,000	43,500,000	43,500,000
Citigroup Global Markets Inc.	30,000,000	60,000,000	60,000,000
J.P. Morgan Securities LLC	30,000,000	60,000,000	60,000,000
Loop Capital Markets LLC	30,000,000	60,000,000	60,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	30,000,000	60,000,000	60,000,000
RBC Capital Markets, LLC	21,750,000	43,500,000	43,500,000
Scotia Capital (USA) Inc.	21,750,000	43,500,000	43,500,000
SunTrust Robinson Humphrey, Inc.	21,750,000	43,500,000	43,500,000
TD Securities (USA) LLC	21,750,000	43,500,000	43,500,000
U.S. Bancorp Investments, Inc.	21,750,000	43,500,000	43,500,000
Wells Fargo Securities, LLC	30,000,000	60,000,000	60,000,000
<b>Total</b>	<b>\$ 750,000,000</b>	<b>\$ 1,500,000,000</b>	<b>\$ 1,500,000,000</b>

**SCHEDULE B**

**PRICING DISCLOSURE PACKAGE**

- 1) Base Prospectus
- 2) Preliminary Prospectus Supplement dated August 9, 2016
- 3) Permitted Free Writing Prospectus
  - a) Pricing Term Sheet attached as Schedule C hereto

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SCHEDULE C

*Filed pursuant to Rule 433  
August 9, 2016  
Relating to  
Preliminary Prospectus Supplement dated August 9, 2016  
to  
Prospectus dated September 30, 2013  
Registration Statement No. 333-191462*

**Duke Energy Corporation**  
**\$750,000,000 1.800% Senior Notes due 2021**  
**\$1,500,000,000 2.650% Senior Notes due 2026**  
**\$1,500,000,000 3.750% Senior Notes due 2046**

Pricing Term Sheet

Issuer: Duke Energy Corporation

Trade Date: August 9, 2016

Settlement: August 12, 2016 (T+3)

Title of Securities: 1.800% Senior Notes due 2021 (the "2021 Notes")  
2.650% Senior Notes due 2026 (the "2026 Notes")  
3.750% Senior Notes due 2046 (the "2046 Notes" and, together with the 2021 Notes and the 2026 Notes, the "Notes")

Principal Amount: 2021 Notes: \$750,000,000  
2026 Notes: \$1,500,000,000  
2046 Notes: \$1,500,000,000

Interest Payment Dates: March 1 and September 1 of each year, beginning on March 1, 2017

Maturity Date: 2021 Notes: September 1, 2021  
2026 Notes: September 1, 2026  
2046 Notes: September 1, 2046

Benchmark Treasury: 2021 Notes: 1.125% due July 31, 2021  
2026 Notes: 1.625% due May 15, 2026  
2046 Notes: 2.500% due February 15, 2046

Benchmark Treasury Yield: 2021 Notes: 1.102%  
2026 Notes: 1.535%  
2046 Notes: 2.253%

Spread to Benchmark Treasury: 2021 Notes: +70 bps  
2026 Notes: +115 bps  
2046 Notes: +150 bps

Yield to Maturity:	2021 Notes: 1.802% 2026 Notes: 2.685% 2046 Notes: 3.753%
Coupon:	2021 Notes: 1.800% 2026 Notes: 2.650% 2046 Notes: 3.750%
Price to Public:	2021 Notes: 99.990% per 2021 Note 2026 Notes: 99.692% per 2026 Note 2046 Notes: 99.944% per 2046 Note

In each case, plus accrued interest, if any, from August 12, 2016

Special Mandatory Redemption:	The offerings of the Notes are not conditioned upon the completion of the Acquisition (as described in the Preliminary Prospectus Supplement dated August 9, 2016), which, if completed, will occur subsequent to the closing of the offerings of the Notes. Upon the occurrence of a Special Mandatory Redemption Trigger (as described in the Preliminary Prospectus Supplement dated August 9, 2016), the issuer will be required to redeem the Notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of the Notes being redeemed, plus accrued and unpaid interest on the aggregate principal amount of the Notes being redeemed to, but excluding, the date of such redemption.
Special Optional Redemption:	Each series of Notes may be redeemed at the issuer's option, in whole, at any time before April 30, 2017, at a redemption price equal to 101% of the aggregate principal amount of such Notes being redeemed, plus accrued and unpaid interest on the aggregate principal amount of such Notes being redeemed to, but excluding, the date of such redemption, if, in the issuer's judgment, the Acquisition will not be consummated on or before April 30, 2017.
Optional Redemption:	Each series of Notes may be redeemed at any time before the applicable Par Call Date (as set forth in the table below), in whole or in part and from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of such Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on such Notes being redeemed that would be due if such Notes matured on the applicable Par Call Date (exclusive of interest accrued to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in the Preliminary Prospectus Supplement plus a number of basis points equal to the applicable Make-Whole Spread (as set forth in the table below), plus, in each case, accrued and unpaid interest on the principal amount of such Notes being redeemed to, but excluding, such redemption date.

Each series of Notes may be redeemed at any time on or after the applicable Par Call Date, in whole or in part and from time to time, at a redemption price equal to 100% of the principal amount of such series of Notes being redeemed plus accrued and unpaid interest on the principal amount of such Notes being redeemed to, but excluding, such redemption date.

Series	Par Call Date	Make-Whole Spread
2021 Notes	August 1, 2021	12.5 bps
2026 Notes	June 1, 2026	20 bps
2046 Notes	March 1, 2046	25 bps

Denominations: \$2,000 or any integral multiple of \$1,000 in excess thereof

CUSIP / ISIN: 2021 Notes: 26441C AR6 / US26441CAR60  
2026 Notes: 26441C AS4 / US26441CAS44  
2046 Notes: 26441C AT2 / US26441CAT27

Notices to Investors: The following notices to investors are in addition to the notices to investors set forth under "Underwriting" in the Preliminary Prospectus Supplement.

***Hong Kong Selling Restrictions***

The Notes have not been offered and will not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or has been or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

***Japan Selling Restrictions***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the “**Financial Instruments and Exchange Law**”), and the Notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time.

***Korea Selling Restrictions***

The Notes may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the Korea Securities and Exchange Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder. The Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea. Furthermore, the Notes may not be resold to Korean residents unless the purchaser of the Notes complies with all applicable regulatory requirements (including but not limited to government approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with the purchase of the Notes.

***Singapore Selling Restrictions***

The prospectus supplement and the accompanying prospectus have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to an offer referred to in Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a “relevant person,” which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation and the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor, a relevant person (as defined in Section 275(2) of the SFA), or any person pursuant to an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);

- where no consideration is or will be given for the transfer; or

- where the transfer is by operation of law.

***Taiwan Selling Restrictions***

The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan, the Republic of China (“Taiwan”), pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan through a public offering or in any manner which would constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or would otherwise require registration with or the approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering or sale of the Notes in Taiwan.

Joint Book-Running Managers:

Barclays Capital Inc.  
Credit Suisse Securities (USA) LLC  
Mizuho Securities USA Inc.  
MUFG Securities Americas Inc.  
UBS Securities LLC

Co-Managers:

BNP Paribas Securities Corp.  
Citigroup Global Markets Inc.  
J.P. Morgan Securities LLC

Loop Capital Markets LLC  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
RBC Capital Markets, LLC  
Scotia Capital (USA) Inc.  
SunTrust Robinson Humphrey, Inc.  
TD Securities (USA) LLC  
U.S. Bancorp Investments, Inc.  
Wells Fargo Securities, LLC

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Barclays Capital Inc. toll-free at (888) 603-5847, Credit Suisse Securities (USA) LLC toll-free at (800) 221-1037, Mizuho Securities USA Inc. toll-free at (866) 271-7403, MUFG Securities Americas Inc. toll-free at (877) 649-6848 or UBS Securities LLC toll-free at (888) 827-7275.



Schedule D

Credit Agreement, dated as of November 18, 2011, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as Borrowers, the lenders listed therein, Wells Fargo Bank, National Association, as Administrative Agent, Bank of America, N.A. and The Royal Bank of Scotland plc, as Co Syndication Agents and Bank of China, New York Branch, Barclays Bank PLC, Citibank, N.A., Credit Suisse AG, Cayman Islands Branch, Industrial and Commercial Bank of China Limited, New York Branch, JPMorgan Chase Bank, N.A. and UBS Securities LLC, as Co-Documentation Agents, as amended by Amendment No. 1 and Consent, dated as of December 18, 2013 and by Amendment No. 2 and Consent, dated as of January 30, 2015, each between Duke Energy Corporation, Duke Energy Carolinas, LLC., Duke Energy Ohio, Inc., Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc., Duke Energy Progress, Inc., Duke Energy Florida, Inc., the lenders party thereto, the issuing lenders party thereto and Wells Fargo Bank, National Association.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549


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**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the**  
**Securities Exchange Act of 1934**

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**Date of Report (Date of earliest event reported): August 25, 2016**

<b>Commission file number</b>	<b>Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, and Telephone Number</b>	<b>IRS Employer Identification No.</b>
1-32853	 <b>DUKE ENERGY</b> DUKE ENERGY CORPORATION (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

On August 25, 2016, William E. Webster, Jr. was appointed to the Board of Directors (the "Board") of Duke Energy Corporation (the "Corporation"), effective September 1, 2016. Mr. Webster was Executive Vice President of Industry Strategy for the Institute of Nuclear Power Operations ("INPO"), a non-profit organization that promotes the highest levels of safety and reliability in the operation of commercial nuclear power plants, prior to his retirement in June of 2016. Mr. Webster was employed by INPO since 1982.

Mr. Webster has been determined by the Board to be independent pursuant to the Corporation's Standards for Assessing Director Independence, the listing standards of the New York Stock Exchange and the rules and regulations of the Securities and Exchange Commission. In making the determination regarding Mr. Webster's independence, the Board considered a relationship between the Corporation and PriceWaterhouseCoopers ("PwC"), a firm which provides professional tax and other services from time to time to the Corporation and at which Mr. Webster's brother-in-law is a partner. The Board determined that Mr. Webster had no material interest in the transactions between the Corporation and PwC and approved the transactions. The Board determined that the transactions were in the best interests of the shareholders of the Corporation as they have been entered into in the ordinary course of business on terms that were negotiated at an arm's length basis for services that are not provided by many other firms.

Mr. Webster's directorship will expire, along with the Corporation's other directors' terms, at the next annual meeting of shareholders. Mr. Webster has been appointed to the Nuclear Oversight Committee and Regulatory Policy and Operations Committee of the Board effective September 1, 2016.

As a non-employee director of the Corporation, Mr. Webster will receive a pro-rated payment of the cash and stock annual retainer, will receive meeting fees in accordance with the Corporation's Director Compensation Program, as set forth on Exhibit 10.55 of the Company's Form 10-K, filed with the Securities and Exchange Commission on February 25, 2016, and will be eligible to participate in the Corporation's Directors' Savings Plan, which is described in the Annual Proxy Statement filed with the Securities and Exchange Commission on March 24, 2016. Mr. Webster is subject to the Corporation's Stock Ownership Guidelines, which require outside directors to own Duke Energy common stock (or common stock equivalents) with a value equal to at least five times the annual cash retainer (i.e., an ownership level of \$450,000) or retain 50% of their vested annual equity retainer until such minimum requirements are met.

**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION**

Date: August 25, 2016

By: /s/ Julia S. Janson  
Name: Julia S. Janson  
Title: Executive Vice President, Chief Legal Officer and Corporate Secretary

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

October 3, 2016  
Date of Report (Date of earliest event reported)

**Duke Energy Corporation**  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation)

001-32853  
(Commission  
File Number)

20-2777218  
(IRS Employer  
Identification No.)

550 South Tryon Street, Charlotte, NC 28202-1803  
(Address of principal executive offices)

704-382-3853  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On October 3, 2016, pursuant to the Agreement and Plan of Merger (the "*Merger Agreement*"), dated as of October 24, 2015, by and among Duke Energy Corporation ("*Duke Energy*"), Forest Subsidiary, Inc., a North Carolina corporation and a wholly-owned subsidiary of Duke Energy ("*Merger Sub*") and Piedmont Natural Gas Company, Inc. ("*Piedmont*"), Duke Energy, Merger Sub and Piedmont consummated the previously announced agreement to merge Merger Sub with and into Piedmont (the "*Merger*") on the terms and subject to the conditions set forth in the Merger Agreement, with Piedmont continuing as the surviving corporation in the Merger. As a result of the Merger, Piedmont became a wholly-owned subsidiary of Duke Energy.

Pursuant to the Merger Agreement, at the effective time of the Merger (the "*Effective Time*"), each share (a "*Share*") of common stock, no par value, of Piedmont ("*Piedmont Common Stock*") issued and outstanding immediately prior to the Effective Time (excluding shares that were held by Duke Energy, Merger Sub or their respective wholly-owned subsidiaries) was converted into the right to receive \$60.00 cash per Share, without interest (subject to any applicable withholding tax). Pursuant to the Merger Agreement, at the Effective Time, each outstanding retention stock unit award granted under Piedmont's equity incentive plans (a "*Piedmont RSU*") and each Piedmont RSU that would have resulted, pursuant to the terms of the applicable Piedmont RSU award agreement, from crediting to an award recipient's account the amount of cash dividends accrued, but not yet credited as of the Effective Time, in respect of each Share of Piedmont Common Stock subject to such Piedmont RSU would have been converted into a vested right to receive cash in an amount equal to \$60.00 cash per Share, without interest (subject to any applicable withholding tax). As of immediately prior to the Effective Time, there were no outstanding Piedmont RSU's. Each outstanding performance share award that was granted under Piedmont's equity incentive plans (a "*Piedmont Performance Share Award*") prior to the date of the Merger Agreement was converted into a vested right to receive cash in an amount equal to the number of Shares of Piedmont Common Stock subject to such Piedmont Performance Share Award (based on target performance), multiplied by \$60.00 cash per Share, without interest (subject to any applicable withholding tax), subject to proration consistent with Piedmont's past practice with respect to applicable retired Piedmont employees. Each outstanding Piedmont Performance Share Award that was granted after the date of the Merger Agreement ceased to represent an award that could be settled in Shares of Piedmont Common Stock, was assumed by Duke Energy and was converted into a Duke Energy restricted stock unit award (a "*Duke Energy RSU Award*"), with the number of Shares of Duke Energy common stock subject to such Duke Energy RSU Award being equal to the product (rounded down to the nearest whole number) of (i) 125% of the target number of Shares of Piedmont Common Stock subject to the Piedmont Performance Share Award immediately prior to the Effective Time, multiplied by (ii) a conversion ratio calculated by dividing the per Share Merger consideration of \$60.00 by the average of the volume weighted averages of the trading prices of Duke Energy common stock on the New York Stock Exchange on each of the five consecutive trading days ending on (and inclusive of) the trading day that is two trading days prior to the closing date of the Merger. The Duke Energy RSU Awards are subject to the same vesting schedule and payment terms and similar terms and conditions as applied to the Piedmont Performance Share Awards immediately prior to the Effective Time, except that the performance-based vesting conditions ceased to apply to the Duke Energy RSU

Awards and vesting is subject to the holder of the Duke Energy RSU Award remaining continuously employed by Duke Energy or its affiliates through the date on which the performance period applicable to the Piedmont Performance Share Awards immediately prior to the Effective Time would have ended. Duke Energy RSU Awards are subject to 100% accelerated vesting upon certain types of terminations of employment and prorated accelerated vesting upon retirement.

The foregoing description of the Merger and the Merger Agreement is qualified in its entirety by reference to the full text of the Merger Agreement, a copy of which was filed as Exhibit 2.1 to the Current Report on Form 8-K filed by Duke Energy with the United States Securities and Exchange Commission (the "SEC") on October 26, 2015 and is incorporated by reference herein.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

Pursuant to the Merger Agreement, Mr. Skains was appointed to the Board of Directors of Duke Energy (the "*Board*"), effective as of the Effective Time. Mr. Skains' directorship will expire, along with Duke Energy's other directors' terms, at the next annual meeting of shareholders. The Board has appointed Mr. Skains to the Nuclear Oversight and Regulatory Policy and Operations Committees.

As a non-employee director of Duke Energy, Mr. Skains will receive a pro-rated payment of the cash and stock annual retainer, will receive meeting fees in accordance with Duke Energy's Director Compensation Program, as set forth on Exhibit 10.55 of Duke Energy's Form 10-K, filed with the SEC on February 25, 2016, and will be eligible to participate in Duke Energy's Directors' Savings Plan, which is described in the Annual Proxy Statement filed with the SEC on March 24, 2016. Mr. Skains is subject to Duke Energy's Stock Ownership Guidelines, which require outside directors to own Duke Energy common stock (or common stock equivalents) with a value equal to at least five times the annual cash retainer (i.e., an ownership level of \$450,000) or retain 50% of their vested annual equity retainer until such minimum requirements are met.

The Board has determined that Mr. Skains meets the applicable independence requirements of the New York Stock Exchange. There have been no transactions and there are no currently proposed transactions, in which Duke Energy was or is a participant and in which Mr. Skains or any member of his immediate family has or will have any interest, that are required to be reported under Item 404(a) of Regulation S-K.

**Item 7.01 Regulation FD Disclosure.**

On October 3, 2016, Duke Energy and Piedmont issued a joint press release announcing the consummation of the Merger pursuant to the Merger Agreement. A copy of the joint press release is furnished as Exhibit 99.1 hereto.

The foregoing information in this Item 7.01 (including Exhibit 99.1 hereto) is being furnished under "Item 7.01 Regulation FD Disclosure." Such information (including Exhibit 99.1 hereto) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Exchange Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

99.1 Joint Press Release, dated October 3, 2016



**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 3, 2016

DUKE ENERGY CORPORATION

By: /s/ Julia S. Janson  
Name: Julia S. Janson  
Title: Executive Vice president, Chief Legal Officer and  
Corporate Secretary

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Joint Press Release, dated October 3, 2016

Exhibit 99.1

## News Release



Media Contact: Tom Williams  
24-Hour: 800.559.3853

Oct. 3, 2016

### **Duke Energy completes acquisition of Piedmont Natural Gas**

CHARLOTTE, N.C. — Duke Energy has completed its acquisition of Piedmont Natural Gas, closing the transaction effective today.

Piedmont will retain its name and operate as a business unit of Duke Energy. Both companies are headquartered in Charlotte.

The acquisition will add Piedmont's 1 million natural gas customers to Duke Energy's existing customer base of 525,000 natural gas customers and 7.4 million electric customers.

"Uniting Duke Energy with Piedmont Natural Gas is a powerful combination for our customers and the communities we serve," said Lynn Good, chairman, president and CEO of Duke Energy.

Customers can continue to do business with both Piedmont and Duke Energy in the same way they have in the past. For example, there will be no immediate changes in customer service phone numbers, billing options or service request procedures.

Internally, Duke Energy will be working to integrate Piedmont's corporate functions — such as accounting, human resources and information technology — into Duke Energy's structure.

The North Carolina Utilities Commission last week approved the acquisition — the final regulatory ruling needed to complete the transaction.

The Tennessee Regulatory Authority and Piedmont's shareholders previously approved the transaction, and the United States Federal Trade Commission has already granted early termination of the waiting period under the federal Hart-Scott-Rodino Antitrust Improvements Act.

[Click here](#) for more information on the North Carolina Utilities Commission's recent approval of Duke Energy's acquisition of Piedmont Natural Gas and its customer benefits.

[Click here](#) for a fact sheet about Piedmont Natural Gas.

Duke Energy Corporation | P.O. Box 1009 | Charlotte, NC 28201-1009 | [www.duke-energy.com](http://www.duke-energy.com)

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Duke Energy News Release

2

#### **About Duke Energy**

Duke Energy, one of the largest electric power holding companies in the United States, supplies and delivers electricity to approximately 7.4 million customers in the Southeast and Midwest representing a population of approximately 24 million people. The company also distributes natural gas services to more than 1.5 million customers in the Carolinas, Ohio, Kentucky and Tennessee. Its commercial and international businesses operate diverse power generation assets in North America and Latin America, including a growing renewable energy portfolio. Headquartered in Charlotte, N.C., Duke Energy is an S&P 100 Stock Index company traded on the New York Stock Exchange under the symbol DUK.

Headquartered in Charlotte, N.C., Duke Energy is an S&P 100 Stock Index company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available at [duke-energy.com](http://duke-energy.com).

The [Duke Energy News Center](#) serves as a multimedia resource for journalists and features news releases, helpful links, photos and videos. Hosted by Duke Energy, [illumination](#) is an online destination for stories about remarkable people, innovations, and community and environmental topics. It also offers glimpses into the past and insights into the future of energy.

Follow Duke Energy on [Twitter](#), [LinkedIn](#), [Instagram](#) and [Facebook](#).

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 10, 2016

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, and Telephone Number	IRS Employer Identification No.
1-32853	 <b>DUKE ENERGY</b> DUKE ENERGY CORPORATION (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01. Entry into a Material Definitive Agreement.**

On October 10, 2016, certain indirect subsidiaries of Duke Energy Corporation (the "Corporation") entered into two separate purchase and sale agreements, pursuant to which the Corporation will divest its International Energy business, including all of its power generation facilities located in Argentina, Brazil, Chile, Ecuador, El Salvador, Guatemala and Peru (the "International Energy Divestment"). The International Energy Divestment includes:

- the sale of all of the Corporation's equity interests in Duke Energy International Brazil Holdings S.à r.l. (the "Brazil Subsidiary"), which includes 2,090 megawatts of owned hydroelectric generation capacity in Brazil (the "Brazilian Disposal Group"), to China Three Gorges (Luxembourg) Energy S.à.r.l. ("CTG"), a subsidiary of China Three Gorges Corporation, pursuant to a Purchase and Sale Agreement, dated as of October 10, 2016 (the "Brazil PSA"); and
- the sale of all of the Corporation's equity interests in Duke Energy International Group S.à r.l., Duke Energy International España Holdings SL and Duke Energy International Investments No. 2 Ltd (collectively, the "Latin America Subsidiaries"), which includes 2,300 megawatts of hydroelectric and natural gas generation capacity, transmission infrastructure and natural gas processing facilities in Peru, Chile, Argentina, Guatemala, El Salvador and Ecuador (the "Latin American Disposal Group") to ISQ Enerlam Aggregator, L.P. and Enerlam (UK) Holdings Ltd. (collectively, "1 Squared"), entities controlled by a consortium of investors led by 1 Squared Capital, pursuant to a Purchase and Sale Agreement, dated as of October 10, 2016 (the "Latin America PSA").

The Corporation's 25% equity interest in National Methanol Company, a Saudi Arabian regional producer of methanol and methyl tertiary butyl ether (MTBE), a gasoline additive, is not included in the transactions.

The sale of the Brazilian Disposal Group represents an enterprise value of approximately \$1.2 billion (including the assumption of debt) and is expected to close by early 2017.

The sale of the Latin American Disposal Group represents an enterprise value of approximately \$1.2 billion (including the assumption of debt) and is expected to close in the first half of 2017.

The Corporation expects the transactions will generate available cash proceeds of between \$1.7 billion and \$1.9 billion, excluding transaction costs. Existing favorable tax attributes will result in no immediate U.S. federal-level tax impacts.

The following descriptions of the Brazil PSA and the Latin America PSA are subject to and qualified in their entirety by reference to the full text of such agreements, copies of which are filed herewith as Exhibit 2.1 and Exhibit 2.2, respectively, and are incorporated herein by reference.

*Brazil Purchase and Sale Agreement*

Pursuant to the Brazil PSA, and subject to the terms and conditions thereof, CTG will purchase from Duke Energy International Group S.à r.l., an indirect subsidiary of the Corporation ("Duke Energy International"), 100% of the equity interests in the Brazil Subsidiary for approximately \$970 million. The purchase price is subject to certain adjustments, including an adjustment at closing based upon changes in working capital and indebtedness compared to targeted amounts and an adjustment at closing based upon the amount of the Corporation's reserves for certain litigation related to Brazilian transmission fee assessments.

The Brazil PSA includes customary representations, warranties and covenants by the parties, and the closing of the transactions contemplated thereby is subject to various closing conditions, including, among others, (i) the receipt of required regulatory approvals, (ii) the absence of any injunction or other orders preventing the consummation of the transactions and (iii) the completion of certain internal restructuring transactions by certain subsidiaries of the Corporation. The closing of the transactions contemplated by the Brazil PSA is not subject to any financing condition.

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The Brazil PSA contains certain termination rights for both Duke Energy International and CTG and further provides that CTG may be required to pay a termination fee of approximately \$48.5 million to Duke Energy International upon termination of the Brazil PSA under certain specified circumstances (including the failure to receive certain regulatory approvals).

Simultaneously with the execution of the Brazil PSA, and in connection with the transactions contemplated thereby, the Corporation entered into a guaranty in favor of CTG, pursuant to which the Corporation has agreed to guarantee certain obligations of Duke Energy International under the Brazil PSA.

#### *Latin America Purchase and Sale Agreement*

Pursuant to the Latin America PSA, and subject to the terms and conditions thereof, I Squared will purchase from certain indirect subsidiaries of the Corporation (the "LA Sellers") 100% of the equity interests in the Latin America Subsidiaries for approximately \$890 million. The purchase price is subject to certain adjustments, including an adjustment at closing based upon changes in working capital and indebtedness compared to targeted amounts.

I Squared has agreed to deliver one or more irrevocable standby letters of credit having an aggregate undrawn face amount of \$89 million (collectively, the "Deposit Letter of Credit") during the week ending October 14, 2016. In the event of a termination of the Latin America PSA under certain circumstances (including a failure of I Squared to effect the closing within two business days of the date the closing is required to occur pursuant to the Latin America PSA), the LA Sellers will be entitled to draw on the Deposit Letter of Credit and retain the funds obtained thereby as a termination fee.

The Latin America PSA includes customary representations, warranties and covenants by the parties, and the closing of the transactions contemplated thereby is subject to various closing conditions, including, among others, (i) the absence of any injunction or other orders preventing the consummation of the transactions and (ii) the completion of certain internal restructuring transactions by certain subsidiaries of the Corporation. The closing of the transactions contemplated by the Latin America PSA is not subject to any financing condition.

Simultaneously with the execution of the Latin America PSA, and in connection with the transactions contemplated thereby, the Corporation entered into a guaranty in favor of I Squared, pursuant to which the Corporation has agreed to guarantee certain obligations of the LA Sellers under the Latin America PSA.

#### **Item 2.05. Costs Associated with Exit or Disposal Activities.**

To the extent required by Item 2.05 of Form 8-K, the disclosure set forth in Item 2.06 of this Current Report on Form 8-K is incorporated by reference into this Item 2.05.

#### **Item 2.06. Material Impairments.**

Based upon the transactions noted above, both of the Brazilian Disposal Group and Latin American Disposal Group (together, the "Disposal Groups") have met the accounting criteria to be classified as assets held for sale and discontinued operations beginning with the fourth quarter of 2016.

Despite classifying the Disposal Groups as discontinued operations under U.S. generally accepted accounting principles (GAAP), the financial results from the Disposal Groups will remain in the Corporation's adjusted earnings, adjusted diluted EPS and adjusted segment income, which are non-GAAP financial measures, until the close of the transactions.

As a result of these exit activities, the Corporation expects to recognize an estimated pre-tax impairment charge of approximately \$325-\$375 million in the fourth quarter of 2016 primarily related to the recognition of cumulative currency translation adjustment losses. This impairment charge will be classified in discontinued operations in the Corporation's Consolidated Statement of Operations and will be excluded from the Corporation's adjusted earnings, adjusted diluted EPS and adjusted segment income, which are non-GAAP financial measures.

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**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

- 2.1 Purchase and Sale Agreement by and among Duke Energy International Group S.à.r.l., Duke Energy International Brazil Holdings S.à.r.l. and China Three Gorges (Luxembourg) Energy S.à.r.l., dated as of October 10, 2016.
- 2.2 Purchase and Sale Agreement by and among Duke Energy Brazil Holdings II, C.V., Duke Energy International Uruguay Investments SRL, Duke Energy International Group S.à.r.l., Duke Energy International España Holdings SL, Duke Energy International Investments No. 2 Ltd., ISQ Enerlam Aggregator, L.P. and Enerlam (UK) Holdings Ltd., dated as of October 10, 2016.



**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION**

Date: October 13, 2016

By: /s/ Julia S. Janson

Name: Julia S. Janson

Title: Executive Vice President, Chief Legal Officer and Corporate Secretary

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
2.1	Purchase and Sale Agreement by and among Duke Energy International Group S.à.r.l., Duke Energy International Brazil Holdings S.à.r.l. and China Three Gorges (Luxembourg) Energy S.à.r.l., dated as of October 10, 2016 (Luxembourg) Energy S.à r.l.
2.2	Purchase and Sale Agreement by and among Duke Energy Brazil Holdings II, C.V., Duke Energy International Uruguay Investments SRL, Duke Energy International Group S.à r.l., Duke Energy International España Holdings SL, Duke Energy International Investments No. 2 Ltd., ISQ Enerlam Aggregator, L.P., and Enerlam (UK) Holdings Ltd., dated as of October 10, 2016.

Exhibit 2.1

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**PURCHASE AND SALE AGREEMENT**

**by and among**

**DUKE ENERGY INTERNATIONAL GROUP S.A.R.L.,**

**DUKE ENERGY INTERNATIONAL BRAZIL HOLDINGS S.A.R.L.**

**and**

**CHINA THREE GORGES (LUXEMBOURG) ENERGY S.A.R.L.**

**Dated as of October 10, 2016**

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**LIST OF PURCHASER DISCLOSURE SCHEDULES**

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Exhibit C	Form of Resignation Letter
Exhibit D	Form of Seller Guaranty

## PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of October 10, 2016, is entered into by and among Duke Energy International Group S.a.r.l., a Luxembourg *société à responsabilité limitée*, having its registered office at 2-8, rue Charles de Gaulle, L- 1653 Luxembourg, registered with the Luxembourg register of commerce and companies under number B.200640 ("DEIG," including any Person who is assignee or successor of DEIG in connection with the Restructuring Transactions or otherwise, "Seller"), Duke Energy International Brazil Holdings S.a.r.l., a Luxembourg *société à responsabilité limitée*, having its registered office at 2-8, rue Charles de Gaulle, L- 1653 Luxembourg, registered with the Luxembourg register of commerce and companies under number B.200785 (the "Company") and China Three Gorges (Luxembourg) Energy S.a.r.l., a Luxembourg *société à responsabilité limitée*, having its registered office at 40, avenue Monterey, L- 2163 Luxembourg, registered with the Luxembourg register of commerce and companies under number B.180307 ("Purchaser"). Each of Seller, Purchaser and the Company is sometimes referred to individually herein as a "Party" and collectively as the "Parties." Certain other terms are defined throughout this Agreement and in Section 9.2.

### WITNESSETH:

WHEREAS, Seller owns all of the Company Shares;

WHEREAS, Purchaser desires to purchase from Seller, and Seller desires to sell to Purchaser, all of the Company Shares, upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Company owns, directly or indirectly, the Equity Interests in the Company Subsidiaries set forth in Schedule 3.5(a) of the Seller Disclosure Schedules and the Equity Interests in the Project Companies set forth in Schedule 3.5(b) of the Seller Disclosure Schedules having operations in Brazil;

WHEREAS, prior to the Closing, Seller intends to effect the Restructuring Transactions, if any;

WHEREAS, Purchaser Guarantor, simultaneously with the execution and delivery of this Agreement, has agreed pursuant to a Guaranty, dated as of the date hereof, by Purchaser Guarantor in favor of Seller (the "Purchaser Guaranty") in the form attached hereto as Exhibit A to guarantee the obligations of Purchaser, a wholly owned Subsidiary of Purchaser Guarantor, under this Agreement; and

WHEREAS, Seller Guarantor, simultaneously with the execution and delivery of this Agreement, has delivered to Purchaser a Guaranty, dated as of the date hereof, by Seller Guarantor

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in favor of Purchaser (the "Seller Guaranty") in the form attached hereto as Exhibit D to guarantee the obligations of Seller under this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and warranties made in this Agreement and of the mutual benefits to be derived therefrom, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties to this Agreement, intending to be legally bound, agree as follows:

. 2

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## Article I

### SALE AND PURCHASE OF SHARES

1.1 Sale and Purchase of Shares. Upon the terms and subject to the conditions of this Agreement, at the Closing, Purchaser shall purchase and accept from Seller, and Seller shall sell and convey to Purchaser, the number of the Company Shares set forth opposite Seller's name in Schedule 1.1 of the Seller Disclosure Schedules, which constitute 100% of the outstanding Company Shares, free and clear of all Liens (the "Transaction").

1.2 Purchase Price. The consideration to be paid by Purchaser to Seller in respect of the purchase of the Company Shares shall be an amount in cash equal to the sum of (a) U.S. \$969,579,760 less the GSF Reserve Amount, and (b) the Estimated Adjustment Amount (together, the "Estimated Purchase Price"), subject to adjustment as determined pursuant to Section 1.6 (as adjusted, the "Purchase Price").

1.3 Closing. The closing of the Transaction (the "Closing") shall take place at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, at 10:00 a.m., New York time, as soon as practicable, but in any event not later than the fifth (5<sup>th</sup>) Business Day immediately following the date on which the last of the conditions contained in Article VI is fulfilled or waived (except for those conditions which by their nature can only be fulfilled at the Closing, but subject to the fulfillment or waiver of such conditions), or at such other place, time and date (the "Closing Date") as the Parties may agree. The Closing shall be deemed to have occurred for all purposes at 12:01 a.m. New York time on the Closing Date (the "Deemed Closing Time"). All actions listed in Section 1.4 that occur on the Closing Date shall be deemed to occur simultaneously at the Closing.

1.4 Closing Deliveries. At the Closing:

(a) Seller shall provide to Purchaser the original Company's shareholders register duly updated to evidence the transfer of the Company Shares to Purchaser or such other documentation as may be reasonably required under applicable Law to evidence the transfer of the Company Shares to Purchaser.

(b) Purchaser shall pay to Seller an amount in cash equal to the Estimated Purchase Price (such amount being subject to further adjustment pursuant to Section 1.6) for the Company Shares, by wire transfer of immediately available funds to the bank account or accounts which shall be designated by Seller at least ten (10) Business Days prior to the Closing.

(c) Except as required by applicable Law, Seller shall deliver to Purchaser the resignations or removals, in substantially the form attached hereto as Exhibit C, of the officers

and directors and other persons set forth in Schedule 1.4 of the Seller Disclosure Schedules from their position as officer or director, or other position set forth opposite the name of such officer, director or person set forth in Schedule 1.4 of the Seller Disclosure Schedules.

(d) Each Party shall deliver such other documents and instruments required to be delivered by it pursuant to Article VI.

1.5 Estimated Adjustment Amount. Not less than eight (8) Business Days prior to the expected Closing Date, Seller shall deliver to Purchaser a written statement (the "Estimated Adjustment Amount Statement") setting forth Seller's good faith calculation of the estimate of the Adjustment Amount as of the Deemed Closing Time (the "Estimated Adjustment Amount"), along with reasonable supporting documentation, which estimate shall be based on Seller's review of the financial information and other books and records of the Acquired Companies and shall be used in determining the payment of the Estimated Purchase Price referred to in Section 1.2.

1.6 Post-Closing Payment.

(a) As promptly as practicable, and in any event not later than ninety (90) days after the Closing Date, Purchaser shall prepare and deliver to Seller a written statement (the "Adjustment Amount Statement") setting forth in reasonable detail the Purchaser's calculation of the Adjustment Amount as of the Deemed Closing Time, as derived from the Purchaser's review of the financial information and other books and records of the Acquired Companies and, based thereon, a statement of the Purchaser's calculation of the Post-Closing Payment.

(b) Purchaser agrees to give Seller and its Representatives access to such employees, officers and facilities and such books and records (including the work papers of the Company's auditors, subject to Seller signing a customary agreement relating to access to such work papers in form and substance reasonably acceptable to such auditors) of Purchaser and the Acquired Companies during normal business hours, as is reasonably necessary to allow Seller and its Representatives to review the Adjustment Amount Statement.

(c) Seller may, in good faith, dispute the Adjustment Amount Statement by delivery of written notice thereof (a "Dispute Notice") to Purchaser within sixty (60) days following receipt by Seller of the Adjustment Amount Statement. The Dispute Notice shall set forth in reasonable detail all items disputed by Seller, together with Seller's proposed changes thereto, including an explanation in reasonable detail of the basis on which Seller proposes such changes. If (i) by written notice to Purchaser, Seller accepts the Adjustment Amount Statement or (ii) Seller fails to deliver a Dispute Notice within the prescribed sixty-day (60-day) period (which failure shall result in Seller being deemed to have agreed to the Adjustment Amount Statement delivered by Purchaser), the Adjustment Amount Statement delivered by Purchaser, and the Adjustment Amount

reflected therein, shall become final and binding on Seller and Purchaser as of the date on which the earlier of the foregoing events occurs.

(d) If Seller has timely delivered a Dispute Notice, then Purchaser and Seller shall use commercially reasonable efforts to reach agreement on the matters identified in the Dispute Notice. If, by the thirtieth (30<sup>th</sup>) day following Purchaser's receipt of the Dispute Notice, Purchaser and Seller have not agreed in writing to the resolution of any of the matters identified in the Dispute Notice, then such unresolved matters shall be submitted to the Independent Accountants for resolution. Purchaser and Seller shall instruct the Independent Accountants to prepare and deliver a revised Adjustment Amount Statement (including the calculation of the Post-Closing Payment) to Purchaser and Seller within thirty (30) days of the referral of such dispute to the Independent Accountants, taking into account all items not in dispute between Purchaser and Seller (to be included in the revised Adjustment Amount Statement in the amounts agreed by Purchaser and Seller) and those unresolved items requested by Purchaser and Seller to be resolved by the Independent Accountants. Purchaser and the Company shall furnish or cause to be furnished to the Independent Accountants access to such employees, officers, and facilities and such books and records (including the work papers of the Company's auditors, subject to Seller signing a customary agreement relating to access to such work papers in form and substance reasonably acceptable to such auditors) relating to the disputed items as the Independent Accountants may reasonably request. The fees and expenses of the Independent Accountants shall be borne fifty percent (50%) by Seller, on the one hand, and fifty percent (50%) by Purchaser, on the other hand. The revised Adjustment Amount Statement (including the calculation of the Adjustment Amount and the Post-Closing Payment reflected therein) delivered by the Independent Accountants shall be final and binding upon Purchaser and Seller; provided, however, that in no event shall (i) Purchaser be obligated to make any payment to Seller under Section 1.6(e) in excess of the amount that would have been payable using Purchaser's calculation of the Post-Closing Payment as set forth in the Adjustment Amount Statement delivered by Purchaser, but taking into account the changes proposed by Seller set forth in the Dispute Notice or (ii) Seller be obligated to make any payment to Purchaser under Section 1.6(e) in excess of the amount that would have been payable using Purchaser's calculation of the Post-Closing Payment as set forth in the Adjustment Amount Statement delivered by Purchaser. The Independent Accountants shall act as an expert, not as an arbitrator.

(e) If the Post-Closing Payment is a negative amount, then Purchaser shall pay to Seller an amount equal to the Post-Closing Payment. If the Post-Closing Payment is a positive amount, then Seller shall pay to Purchaser an amount equal to the Post-Closing Payment. Each payment (if any) required by this Section 1.6(e) shall be made within ten (10) Business Days following the date the Post-Closing Payment is deemed to be finally determined pursuant to this Section 1.6, except to the extent any payment in respect of undisputed amounts has been paid pursuant to Section 1.6(c). All payments required to be made pursuant to this Section 1.6 shall be



made by wire transfer of immediately available funds to the bank account or accounts designated by the Party receiving such payment.

(f) Purchaser and Seller agree to treat, and to cause their respective Affiliates to treat, for all Tax purposes, any payment made under this Section 1.6, to the maximum extent permitted by applicable Law, as an adjustment to the Purchase Price.

1.7 Pre-Closing Restructuring.

(a) Prior to the Closing, Seller shall take or cause to be taken the actions set forth on Exhibit B hereto substantially in the form described thereon (collectively, the “Restructuring Transactions”). Notwithstanding the foregoing, Seller shall not, or permit any of its Affiliates to, without the prior written consent of Purchaser, take any action to amend or modify the Restructuring Transactions set forth on Exhibit B hereto in any material respect.

(b) Purchaser acknowledges that, prior to the Closing, Seller may take or cause to be taken other corporate transactions in connection with the potential dispositions of its other businesses in Central America and South America (collectively, the “Additional Restructuring Transactions”).

(c) Notwithstanding any other provision contained herein to the contrary, unless otherwise expressly indicated herein, (i) the consummation of the Restructuring Transactions shall not constitute a breach of any representation, warranty or covenant contained herein, if consummated pursuant to and in accordance with this Agreement, and (ii) in no event shall the consummation of the Restructuring Transactions, if consummated pursuant to and in accordance with this Agreement, be deemed to cause a Company Material Adverse Effect for the purposes of this Agreement.

1.8 Withholding Rights. (a) Purchaser shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to this Article I, such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign Tax law, including, without limitation, Brazilian capital gains taxes imposed as a result of the Transaction, including any such Taxes imposed on Purchaser; provided, however, that if Purchaser intends to withhold any amounts in accordance with this Section 1.8(a) other than amounts described in Section 1.8(b), Purchaser shall provide Seller with written notice at least thirty (30) days prior to the applicable date of payment of such intention (other than in the case of any change in applicable Law the timing of which makes such advance notice impractical, in which case Purchaser shall provide Seller with notice of its intention to withhold as soon as practical) and afford Seller the opportunity to provide such Tax forms or other documentation that would eliminate or reduce the amount to be so withheld. To the extent such amounts are so deducted, Purchaser shall remit to the appropriate Taxing Authority such withheld amounts, and such withheld

and remitted amounts shall be treated for all purposes of this Agreement as having been paid to the holder of the shares of the Acquired Companies in respect of which the Purchaser made such deduction and withholding. Each of the parties agrees to use its reasonable best efforts to mitigate the imposition of any withholding Taxes but shall not be required to take any action it determines in its reasonable judgment is adverse to its interests.

(b) Notwithstanding anything in this Agreement to the contrary, the Parties agree that the following provisions of this Section 1.8(b) shall control with respect to any Brazilian income Taxes levied under applicable Law on capital gains realized by the Seller upon the sale of the Company Shares pursuant to this Agreement (such Taxes, the "Brazilian Withholding Taxes"), including any Tax Matters related thereto:

(i) The Parties acknowledge and agree that current Brazilian Law (Law No. 10,833 of 29 December 2003, as amended) requires that Purchaser (or, if Purchaser is a non-Brazilian entity, a representative of Purchaser in Brazil) withholds and pays on behalf of Seller, as applicable, the Brazilian Withholding Taxes.

(ii) Seller shall (a) in its reasonable discretion, calculate the amount of capital gains on the sale of the Company Shares (taking into account the amount of Seller's acquisition cost based on the foreign investment registration with the Central Bank of Brazil) and the amount of the applicable Brazilian Withholding Taxes (including any Brazilian Withholding Taxes attributable to any Post-Closing Payment made under Section 1.6), which in each case shall be denominated in U.S. dollars, and (b) communicate such amounts to Purchaser in the Estimated Adjustment Amount Statement or the Adjustment Amount Statement, as applicable, and furnish to Purchaser at the same time drafts of the Documentos de Arrecadação de Receitas Federais ("DARFs") that will be used by Purchaser to make the payments of such Brazilian Withholding Taxes. Seller will consider any reasonable written objections of Purchaser to the calculation of the amount of capital gains received by Seller within three (3) days of Seller's delivery to Purchaser of the Estimated Adjustment Amount Statement or the Adjustment Amount Statement, as applicable.

(iii) Purchaser (or the relevant representative of Purchaser, as applicable) shall withhold and pay over the amount of any Brazilian Withholding Taxes as calculated by Seller under Section 1.8(b)(ii) (converted into Brazilian Reais based on the exchange rate for selling released by the Central Bank of Brazil (SISBACEN, PTAX800 – Option 5) on the date of the payment with respect to which such withholding is made to the relevant Brazilian Taxing Authorities within the time provided by applicable Law and shall furnish to Seller documentation evidencing such payments (including DARFs prepared based on the drafts provided by Seller under Section 1.8(b)(ii)), with the amount converted

in Brazilian Reais based on the exchange rate for selling released by the Central Bank of Brazil (SISBACEN, PTAX800 – Option 5) on the date of the payment with respect to which such withholding is made to the relevant Brazilian Taxing Authorities, in form and substance satisfactory to Seller (such documentation, including any receipts (original or certified copy), if issued by such Taxing Authorities evidencing such payments, or a copy of the Tax Return evidencing such payments, the “Brazilian Withholding Documentation”), (a) in the case of any Brazilian Withholding Taxes shown on the Estimated Adjustment Amount Statement, at the Closing and (b) in the case of any Brazilian Withholding Taxes shown on the Adjustment Amount Statement, within five (5) Business Days of the payment of such Brazilian Withholding Taxes to the relevant Brazilian Taxing Authority in accordance with this Section 1.8(b)(iii).

(iv) Purchaser and Seller hereby acknowledge that the Brazilian Withholding Taxes are currently calculated using a 15% rate under applicable Brazilian Law, and that such rate is scheduled to increase to 22.5% beginning January 1, 2017 (the incremental increase in the amount of the Brazilian Withholding Taxes resulting from such increase in rate is hereinafter referred to as the “Incremental Withholding Taxes”). If (i) the Closing does not occur by December 31, 2016, solely as a result of Purchaser’s failure to obtain the PRC Regulatory Approvals and (ii) the amount of the Brazilian Withholding Taxes withheld by Purchaser from the Purchase Price at Closing is calculated using a rate in excess of 15% under applicable Brazilian Law, Purchaser shall increase the Purchase Price by an amount equal to the Incremental Withholding Taxes increased as necessary so that Seller receives an amount, after such incremental withholding, equal to the amount Seller would have received had the Brazilian Withholding Taxes been calculated at a rate of 15%; provided, however, that such increase in Purchase Price shall be reduced by any Tax benefits, actually realized by Seller or any of its Affiliates as a result of the payment of such Incremental Withholding Taxes, which Tax benefits Purchaser will and will cause its Affiliates to use reasonable efforts to obtain). For the avoidance of doubt, this provision shall not limit Purchaser’s ability to withhold Taxes pursuant to this Section 1.8.

(v) Purchaser shall indemnify and hold harmless Seller and its Affiliates from and against all Taxes and Losses actually imposed on, suffered by or incurred by them in connection with, arising out of or resulting from any failure by Purchaser to remit the Brazilian Withholding Taxes in the amount required by Section 1.8(b)(iii) to the Brazilian Taxing Authorities as required by applicable Law (any Taxes and Losses described in this Section 1.8(b)(v), the “Purchaser Withholding Liabilities”).

(vi) Seller shall indemnify and hold harmless Purchaser and its Affiliates from and against all Taxes and Losses actually imposed on, suffered by or incurred by them if the relevant Brazilian Taxing Authorities claim or demand any Brazilian

Withholding Taxes in excess of the amount of such Brazilian Withholding Taxes calculated by Seller in accordance with Section 1.8(b)(ii) (any Taxes and Losses described in this Section 1.8(b)(vi), the “Seller Withholding Liabilities”); provided, however, that Seller shall be entitled to control any Tax Matter related to such a claim in accordance with Section 5.13(e)(i) and Section 8.5(g).

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Purchaser, subject to Section 1.7, that except as disclosed in the Seller Disclosure Schedules:

2.1 Organization and Qualification. Seller is a Luxembourg *société à responsabilité limitée* duly formed, validly existing and in good standing under the laws of the Grand Duchy of Luxembourg and is duly qualified or licensed to do business in each other jurisdiction where the actions required to be performed by it under this Agreement make such qualification or licensing necessary, and has full power and authority to own, lease and operate its assets and properties and to conduct its business as presently conducted, except where the failure to have such qualification or licensing or power and authority would not constitute a Seller Material Adverse Effect.

2.2 Authority. Seller has full power and authority to enter into this Agreement and, subject to receipt of the Seller Required Statutory Approvals, to consummate the transactions contemplated hereby. The execution, delivery and performance by Seller of this Agreement and the consummation by Seller of the transactions contemplated hereby have been duly and validly authorized by all requisite action on the part of Seller, and no other proceedings or approvals on the part of Seller are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by Seller and, assuming the due authorization, execution and delivery hereof by each other Party, constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as limited by Laws affecting the enforcement of creditors' rights generally or by general equitable principles.

2.3 Non-contravention. The execution and delivery of this Agreement by Seller do not, and the consummation of the transactions contemplated hereby will not, (x) conflict with, result in any violation or breach of or default (with or without notice or lapse of time or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation under (any such conflict, violation, breach, default, right of termination, cancellation or acceleration is referred to herein as a “Violation”), pursuant to any provision of (a) the Organizational Documents of Seller; (b) any lease, mortgage, indenture, note, bond, deed of trust, contract, arrangement or agreement

or other instrument of any kind (each, a "Contract") to which it is a party or by which it or its assets may be bound, or require a Consent thereunder; or (c) subject to obtaining the Seller Required Statutory Approvals, any Law, Permit or Governmental Order applicable to it, or (y) result in the creation of any Lien upon any of the properties or assets of Seller, other than Permitted Liens, other than, in the case of clauses (x)(b), (x)(c) and (y), any such Violation or Lien which would not constitute a Company Material Adverse Effect.

2.4 Statutory Approvals. Except for the filings or approvals (a) set forth in Schedule 2.4 of the Seller Disclosure Schedules (the "Seller Required Statutory Approvals") and (b) as may be required due to the regulatory or corporate status of Purchaser or Purchaser Guarantor, no Consent of any Governmental Entity is required to be made or obtained by Seller or its Non-Company Affiliates in connection with the execution and delivery of this Agreement or the consummation by Seller or the Company of the transactions contemplated hereby, except those which the failure to obtain or make would not constitute a Company Material Adverse Effect.

2.5 Company Capitalization: Right and Title to Shares.

(a) There is no prohibition on distributions with respect to the Company Shares, other than Laws of general applicability.

(b) The share capital of the Company is set forth on Schedule 2.5(a) of the Seller Disclosure Schedule. As of the date hereof, there are issued and outstanding the number of Company Shares set forth on Schedule 2.5(a) of the Seller Disclosure Schedule. All Company Shares are validly issued and fully paid. The Company Shares constitute all of the issued and outstanding Equity Interests in the Company. As of the Closing, Seller will be the record and beneficial holder of, and will have good title to, the number of Company Shares set forth opposite its name in Schedule 2.5(a) of the Seller Disclosure Schedules. As of the Closing, Seller will hold such Company Shares free and clear of all Liens, other than those arising from this Agreement. Except as set forth in Schedule 2.5(b) of the Seller Disclosure Schedules and except as provided for in the Organizational Documents of the Company, true and accurate copies of which have been provided by Seller to Purchaser prior to the date hereof, there are no:

(i) subscriptions, options, warrants, calls, "phantom" stock rights, conversion, exchange, purchase right or other written Contracts, rights, agreements or commitments of any kind obligating, directly or indirectly, the Company to issue, transfer, sell or otherwise dispose of, or cause to be issued, transferred, sold or otherwise disposed of, or giving the right to any Person to purchase, acquire or otherwise receive, the Company Shares or any securities convertible into or exchangeable for any such Company Shares, or giving the right to any Person to receive or exercise, or be granted any benefits or rights

similar to any rights enjoyed by or accruing to the holder of the Company Shares, including any rights to participate in the equity or income of the Company or to participate in or direct the election of any directors or officers of the Company; or

(ii) agreements, limited liability company agreements, partnership agreements, voting trusts, proxies or other agreements, instruments or understandings to which the Company is a party, or by which the Company is bound, relating to the voting of any shares of the Company Shares.

2.6 Litigation. There is no Action pending or, to the Knowledge of Seller, threatened against Seller or any of its Non-Company Affiliates that, if adversely determined, would constitute a Seller Material Adverse Effect on Seller. Subject to obtaining the Seller Required Statutory Approvals, there are no Governmental Orders of or by any Governmental Entity applicable to Seller except for those that would not constitute a Company Material Adverse Effect or Seller Material Adverse Effect, or otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement.

2.7 Brokers and Finders. Seller has not entered into any agreement or arrangement entitling any agent, broker, investment banker, financial advisor or other firm or Person to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, except Credit Suisse Securities (USA) LLC and J.P. Morgan Securities LLC, whose fees and expenses shall be paid by Seller or its direct or indirect parent companies.

2.8 No Other Representations and Warranties. Except for the representations and warranties contained in this Article II and in Article III, neither Seller nor any other Person acting on behalf of Seller makes any representation or warranty, express or implied, concerning Seller, the Company Shares or the businesses, finances, operations, assets, liabilities, prospects or any other aspect of the Acquired Companies.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Purchaser, subject to Section 1.7, that except as disclosed in the Seller Disclosure Schedules:

3.1 Organization and Qualification. Each Acquired Company currently existing in the Grand Duchy of Luxembourg (whether or not previously formed in another jurisdiction) is

duly formed, validly existing and in good standing under the laws of the Grand Duchy of Luxembourg, and each other Acquired Company is duly formed, validly existing and in good standing (to the extent such concepts are recognized under applicable Law) under the laws of the jurisdiction of its formation, each Acquired Company has full corporate, limited liability company, partnership or similar power and authority to own, lease and operate its assets and properties and to conduct its business as presently conducted and each Acquired Company is duly qualified to do business and is in good standing (to the extent such concepts are recognized under applicable Law) as a foreign corporation, limited liability company or partnership or otherwise in all jurisdictions in which such qualification is necessary under applicable Law as a result of the conduct of its business or the ownership of its properties, except for those jurisdictions where failure to be so qualified or in good standing would not constitute a Company Material Adverse Effect. True and complete copies of the Organizational Documents of the Acquired Companies have been made available to Purchaser.

3.2 Authority. The Company has full power and authority to enter into this Agreement and subject to receipt of the Company Required Statutory Approvals, to consummate the transactions contemplated hereby. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby have been duly and validly authorized by all requisite action on the part of the Company, and no other proceedings or approvals on the part of the Company are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery hereof by each other Party, constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by Laws affecting the enforcement of creditors' rights generally or by general equitable principles.

3.3 Non-contravention. The execution and delivery of this Agreement by the Company do not, and the consummation of the transactions contemplated hereby will not, result in (x) any Violation pursuant to any provision of (a) subject to obtaining the third-party Consents set forth in Schedule 3.3 of the Seller Disclosure Schedules (the "Company Required Consents"), the Organizational Documents of any Acquired Company; (b) subject to obtaining the Company Required Consents, any Contract to which any Acquired Company is a party or by which any Acquired Company or its assets may be bound, or require a Consent thereunder; or (c) subject to obtaining the Seller Required Statutory Approvals and the Company Required Statutory Approvals, any Law, Permit or Governmental Order applicable to any Acquired Company, or (y) result in the creation of any Lien upon any of the properties or assets of any Acquired Company, other than Permitted Liens, other than, in the case of clauses (x)(b), (x)(c) and (y), any such Violation or Lien which would not constitute a Company Material Adverse Effect.

3.4 Statutory Approvals. Except for the filings or approvals (a) set forth in Schedule 3.4 of the Seller Disclosure Schedules (the “Company Required Statutory Approvals”) and (b) as may be required due to the regulatory or corporate status of Purchaser or Purchaser Guarantor, no Consent of any Governmental Entity is required to be made or obtained by any Acquired Company in connection with the execution and delivery of this Agreement or the consummation by Seller or the Company of the transactions contemplated hereby, except those which the failure to obtain or make would not constitute a Company Material Adverse Effect.

3.5 Capitalization.

(a) Company Subsidiaries. Schedule 3.5(a) of the Seller Disclosure Schedules sets forth for each Company Subsidiary: (i) its jurisdiction of formation; (ii) its authorized Equity Interests; (iii) the number of its issued and outstanding Equity Interests; (iv) the Equity Interests that are wholly or jointly owned, directly or indirectly, by the Company; (v) the holder or holders of such Equity Interests that are wholly or jointly owned, directly or indirectly, by the Company; and (vi) the percentage ownership of each holder. The Equity Interests of each Company Subsidiary that are owned, directly or indirectly, by the Company, as set forth in Schedule 3.5(a) of the Seller Disclosure Schedules, are owned free and clear of all Liens, other than those arising from this Agreement and other than as set forth in Schedule 3.5(a) of the Seller Disclosure Schedules. All of the issued and outstanding Equity Interests in each Company Subsidiary that are owned, directly or indirectly, by the Company have been duly authorized and, to the extent such concepts are recognized under applicable Law, are validly issued and fully paid. There is no prohibition on distribution with respect to the Equity Interests of any Company Subsidiary, other than Laws of general applicability.

(b) Project Companies. Schedule 3.5(b) of the Seller Disclosure Schedules sets forth for each Project Company (i) its jurisdiction of formation; (ii) its authorized Equity Interests; (iii) the number of its issued and outstanding Equity Interests; (iv) the Equity Interests that are wholly or jointly owned, directly or indirectly, by the Company; (v) the holder or holders of such Equity Interests that are wholly or jointly owned, directly or indirectly, by the Company, and (vi) the percentage ownership of each holder. The Equity Interests of each Project Company that are owned, directly or indirectly, by the Company, as set forth in Schedule 3.5(b) of the Seller Disclosure Schedules, are owned free and clear of all Liens, other than those arising from this Agreement and other than as set forth in Schedule 3.5(b) of the Seller Disclosure Schedules. All of the issued and outstanding Equity Interests in each Project Company that are owned, directly or indirectly, by the Company have been duly authorized and, to the extent such concepts are recognized under applicable Law, are validly issued and fully paid. There is no prohibition on distribution with respect to the Equity Interests of any Project Company, other than Laws of general applicability.



(c) No Other Equity Interests. Except as set forth on Schedule 3.5(c) of the Seller Disclosure Schedules, the Company does not own, directly or indirectly, any Equity Interests in any Person other than the Company Subsidiaries and the Project Companies. All of the issued and outstanding Equity Interests set forth on Schedule 3.5(c) that are owned, directly or indirectly, by the Company have been duly authorized and, to the extent such concepts are recognized under applicable Law, are validly issued and fully paid.

(d) Agreements with respect to Company Shares and Equity Interests of the Acquired Companies. Except as set forth in Schedule 3.5(d) of the Seller Disclosure Schedules and except as provided for in the Organizational Documents of any Acquired Company, true and accurate copies of which have been provided by the Company to Purchaser prior to the date hereof, there are no:

(i) subscriptions, options, warrants, calls, “phantom” stock rights, conversion, exchange, purchase right or other written Contracts, rights, agreements or commitments of any kind obligating, directly or indirectly, any Acquired Company to issue, transfer, sell or otherwise dispose of, or cause to be issued, transferred, sold or otherwise disposed of, or giving the right to any Person to purchase or acquire or otherwise receive, any Equity Interests of any Acquired Company or any securities convertible into or exchangeable for any such Equity Interests, or giving the right to any Person to receive or exercise, or be granted any benefits or rights similar to any rights enjoyed by or accruing to the holder of the Equity Interests of any Acquired Company, including any rights to participate in the equity or income of any Acquired Company or to participate in or direct the election of any directors or officers of any Acquired Company; or

(ii) agreements, limited liability company agreements, partnership agreements, voting trusts, proxies or other agreements, instruments or understandings to which any Acquired Company is a party, or by which any Acquired Company is bound, relating to the voting of any shares of the Equity Interests of any Acquired Company.

3.6 Financial Statements. Schedule 3.6(a) of the Seller Disclosure Schedules contains true and complete copies of (a) the audited or unaudited, as applicable, statement of operations and statement of cash flows of the Acquired Companies as indicated on such statements as of and for the year ended December 31, 2015 and balance sheet of the Acquired Companies as indicated on such statement as of December 31, 2015 (collectively, the “December 2015 Financial Statements”) and (b) the unaudited statement of operations and statement of cash flows of the Acquired Companies as indicated on such statements as of and for the six (6) months ended June 30, 2016 and balance sheet of the Acquired Companies as indicated on such statement as of June 30, 2016 (collectively, the “June 2016 Financial Statements,” and collectively with the December

2015 Financial Statements, and with any notes thereto, the "Financial Statements"). Except as set forth in Schedule 3.6(b) of the Seller Disclosure Schedules, the Financial Statements (a) have been prepared in accordance with GAAP, consistently applied (except as may be noted therein), from the books and records of the Acquired Companies and (b) present fairly, in all material respects, the financial position, results of operations and cash flows of the Acquired Companies, as of the date indicated thereon and for the periods then ended.

3.7 Absence of Certain Changes or Events. Except as set forth on Schedule 3.7 of the Seller Disclosure Schedules or for the transactions contemplated by this Agreement, since December 31, 2015, (a) each of the Acquired Companies has conducted its business only in the ordinary course of business consistent with past practice in all material respects, and (b) there has not been any change, event, condition, circumstance, occurrence or development which would constitute a Company Material Adverse Effect.

3.8 No Undisclosed Liabilities. Except (a) as set forth in the Financial Statements, (b) for Liabilities incurred by the Acquired Companies since December 31, 2015 in the ordinary course of their respective businesses, consistent with past practice, none of which constitutes a Company Material Adverse Effect, and (c) for Liabilities for Taxes, there are no Liabilities of the Acquired Companies of the nature required to be disclosed in a balance sheet prepared in accordance with GAAP.

3.9 Tax Matters.

(a) Except as otherwise set forth on Schedule 3.9(a) of the Seller Disclosure Schedules:

(i) All material Tax Returns required to be filed by any of the Acquired Companies have been timely filed and all such Tax Returns were true, correct and complete in all material respects;

(ii) All material Taxes required to be paid under applicable Law by the Acquired Companies have been timely paid or adequate provisions for such Taxes have been made on the latest balance sheet included in the Financial Statements and all material Tax liabilities for periods subsequent to the Financial Statements have been accrued on the books and records of the Acquired Companies;

(iii) There are no audits, claims, assessments or other examinations regarding material Taxes pending against any of the Acquired Companies as of the date hereof, nor has any of the Acquired Companies received any written notices from any Taxing Authority relating to such an audit, claim, assessment or examination;

(iv) Neither Seller nor any Acquired Company (A) has entered into an agreement or waiver (that has not expired) with a Taxing Authority extending any statute of limitations in respect of any material Tax Returns required to be filed by any of the Acquired Companies or in respect of material Taxes payable under applicable Law by any of the Acquired Companies or (B) is presently contesting a material Tax liability of any of the Acquired Companies before any court, tribunal or agency;

(v) All material agreements, concessions, dispensations or other arrangements of the Acquired Companies which have been made with or by any Taxing Authority (whether formal or informal) currently subsisting are set forth in Schedule 3.9(a)(v) of the Seller Disclosure Schedules. To the Seller's Knowledge, the Acquired Companies have not taken any action which has had or will have the result of altering, prejudicing or in any way disturbing any such agreement, concession, dispensation or arrangement;

(vi) None of the Acquired Companies has been included in any "consolidated," "unitary" or "combined" Tax Return provided for under the laws of any jurisdiction or any state or locality with respect to Taxes for any taxable period for which the statute of limitations has not expired (other than a group of which an Acquired Company is the common parent);

(vii) All material Taxes that any of the Acquired Companies is (or was) required by applicable Law to withhold or collect in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, member or other third party have been withheld or collected, and have been timely paid over to the appropriate Taxing Authority to the extent due and payable;

(viii) No Acquired Company has received a written claim from any Taxing Authority in a jurisdiction where such Acquired Company does not file Tax Returns that such Acquired Company is subject to taxation by that jurisdiction;

(ix) There are no material Tax sharing, allocation, or indemnification agreements currently in effect as between any of the Acquired Companies and any other party (including Seller and any predecessors or Affiliates thereof) under which Purchaser or any of the Acquired Companies could be liable for any material Taxes of any party, other than commercial leases, financing agreements or other agreements entered into in the ordinary course of business that are not primarily related to Taxes;

(x) None of the Acquired Companies is or has been a "surrogate foreign corporation" within the meaning of Section 7874 of the Code;

(i) Each Acquired Company is in compliance, in all material respects, with (A) the terms and conditions of Law No. 10,637 of 31 December 2002, art. 47, and (B) the terms of any additional agreements, concessions, dispensations or other arrangements that may be entered into by an Acquired Company with a Taxing Authority between the date hereof and the Closing, and the consummation of the transactions contemplated by this Agreement will not have any material adverse effect on the continued validity and effectiveness of any such Tax exemption;

(ii) A valid functional currency request within the meaning of Circular L.G. - A n° 60 dated 21 June 2016 has been duly and timely filed by the Company with the Luxembourg Tax authorities; and

(xi) The Company is an “NFFE Affiliate of a Publicly Traded Corporation” (as such term is used on IRS Form W-8BEN-E).

(b) Notwithstanding any other provision of this Agreement, (i) the representations and warranties contained in Section 3.9(a) and Section 3.12 constitute the sole and exclusive representations and warranties relating to any Taxes or Tax Returns and (ii) nothing in this Agreement (including this Section 3.9) shall be construed as providing a representation or warranty with respect to the existence, amount, expiration date or limitations on (or availability of) any Tax attribute (including methods of accounting) of any Acquired Company.

3.10 Litigation. Except as set forth in Schedule 3.10 of the Seller Disclosure Schedules, there is no Action pending or, to the Knowledge of the Company, threatened against any Acquired Company or affecting the Contracts, assets or properties of any Acquired Company that, if adversely determined, would constitute a Company Material Adverse Effect.

3.11 Compliance with Laws.

(a) Except as set forth in Schedule 3.11(a) of the Seller Disclosure Schedules, since December 31, 2013, no Acquired Company has been given written notice by any Governmental Entity of, or been charged in writing by any Governmental Entity with, any violation of, or is in violation of, or, to the Knowledge of the Company, is under investigation with respect to any violation of, any Law or Governmental Order, and there are no outstanding Governmental Orders to which any Acquired Company is subject or by which its assets are bound, except in each case that would not constitute a Company Material Adverse Effect.

(b) Since five years prior to the date hereof, neither the Acquired Companies, nor, to the Knowledge of the Acquired Companies, their Representatives, Affiliates and employees, with respect to or on behalf of the Acquired Companies, have violated, in a way that would constitute a Company Material Adverse Effect, (a) the USA PATRIOT Act of 2001, as

amended, and any rules and regulations promulgated thereunder, (b) the Foreign Corrupt Practices Act of 1977, as amended, and any rules and regulations promulgated thereunder, (c) the Organisation for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and legislation implementing such Convention, (d) the United Kingdom Bribery Act of 2010, as amended, and any rules and regulations promulgated thereunder, and (e) the Brazilian anticorruption law (Law 12,846/13), and any rules and regulations promulgated thereunder. Since five years prior to the date hereof, no Acquired Company or, to its Knowledge, its Representatives, employees and agents, with respect to or on behalf of any Acquired Company, has made any offer, payment, promise of payment or authorization of payment of any amount or anything of value to a public official, or to any person knowing that such person would offer, give or promise to give to a public official a portion or the entirety of such amount or value, with the purpose of: (i) influencing any action or decision of such public official or inducing the public official to act or fail to act in violation of his/her legitimate or official duty; (ii) inducing such public official to use its influence with any Governmental Entity to affect or influence any action or decision of such Governmental Entity; or (iii) obtaining or maintaining business for any person.

(c) This Section 3.11 does not relate to Tax matters, which are instead the subject of Section 3.9, employee benefits matters, which are instead the subject of Section 3.12, Permits, which are instead the subject of Section 3.13, or environmental matters, which are instead the subject of Section 3.16.

### 3.12 Employee Benefits.

(a) Schedule 3.12(a) of the Seller Disclosure Schedules contains a list of each material Company Plan. "Company Plan" shall mean each bonus, incentive or deferred compensation, pension, retirement, profit-sharing, savings, employment, consulting, compensation, stock purchase, stock option, phantom stock or other equity-based compensation, severance pay, termination, change-in-control, retention, salary continuation, vacation, sick leave, disability, death benefit, group insurance, hospitalization, medical, dental, life, loan, educational assistance and other fringe benefit plans, programs, agreements and arrangements (exclusive of any such plan, program, agreement or arrangement established or maintained solely as required by applicable Law) maintained by or required to be contributed to by the Company or any trade or business, whether or not incorporated, that together with the Company would be deemed a "single employer" within the meaning of Section 4001 of ERISA (an "ERISA Affiliate") for the benefit of any current or former employee, officer, director or independent contractor of any Acquired Company.

(b) With respect to each Company Plan listed on Schedule 3.12(a) of the Seller Disclosure Schedules, the Company has made available to Purchaser, to the extent applicable, true, correct and complete copies of (1) the Company Plan document, including any amendments

thereto, and all related trust documents, insurance contracts or other funding vehicles, (2) a written description of such Company Plan if such plan is not set forth in a written document, (3) the most recently prepared actuarial report, (4) the most recent summary plan description together with the summary or summaries of all material modifications thereto and (5) all material correspondence to or from any other Governmental Entity received since December 31, 2013 with respect to any Company Plan.

(c) Except as set forth on Schedule 3.12(c) of the Seller Disclosure Schedules, each Company Plan is established or maintained by one or more of the Acquired Companies outside of the United States of America primarily for the benefit of individuals residing outside the United States of America (a "Non-U.S. Benefit Plan").

(d) Each Non-U.S. Benefit Plan has been administered in all material respects in compliance with its terms and applicable Law. Except as set forth Schedule 3.12(d) of the Seller Disclosure Schedules, there is no pending or, to the Knowledge of the Company, threatened legal Action or any action, suit or claim relating to Taxes, in each case, relating to the Non-U.S. Benefit Plans (other than routine claims for benefits).

(e) No circumstances exist that could reasonably be expected to cause an Acquired Company to have any material Liability after the Closing under Title IV of ERISA or Chapter 43 of the Code in respect of any plan, program, agreement or arrangement maintained by Seller or any ERISA Affiliate.

(f) All material contributions to each Non-U.S. Benefit Plan required under the terms of such Non-U.S. Benefit Plan or applicable Law have been timely made.

(g) Except as set forth in Schedule 3.12(g) of the Seller Disclosure Schedules, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in combination with another event) (i) entitle any current or former employee or director of any Acquired Company to any payment, or result in any payment becoming due, increase the amount of any compensation due, or result in the acceleration of the time of any payment due to any such person, (ii) increase any benefits otherwise payable under any Company Plan or result in the acceleration of the time of payment or vesting of any benefit under a Company Plan, (iii) directly or indirectly cause the Company or any Acquired Company to transfer or set aside any assets to fund any material benefits under any Non-U.S. Benefit Plan, (iv) otherwise reasonably be expected to give rise to any material liability under any Non-U.S. Benefit Plan, (v) limit or restrict the right to merge, materially amend, terminate or transfer the assets of any Non-U.S. Benefit Plan on or following the Closing, (vi) require a "gross-up," indemnification for, or payment to any individual for any taxes imposed under Section 409A or Section 4999 of the Code or any other employment-related taxes (other than any payments intended

to compensate for the difference in taxes attributable to an overseas assignment), or (vii) result in the payment of any amount that could, individually or in combination with any other such payment, constitute an "excess parachute payment" as defined in Section 280G(b)(1) of the Code.

(h) Except as set forth in Schedule 3.12(h) of the Seller Disclosure Schedules, no Non-U.S. Benefit Plan that is an employee welfare benefit plan within the meaning of Section 3(1) of ERISA provides benefits, including death or medical benefits (whether or not insured), with respect to current or former employees of any Acquired Company beyond their retirement or other termination of service, other than (i) coverage mandated solely by applicable Law or (ii) benefits, the costs of which are borne by the current or former employee or his or her beneficiary.

(i) With respect to each Non-U.S. Benefit Plan: (i) all employer and employee contributions to each Non-U.S. Benefit Plan required by Law or by the terms of such Non-U.S. Benefit Plan have been made, or, if applicable, accrued, in all material respects, in accordance with normal accounting practices; (ii) the fair market value of the assets of each funded Non-U.S. Benefit Plan, together with any book reserve and accrued contributions, is not less than the accrued benefit obligations with respect to all current and former participants in such plan according to the actuarial assumptions and valuations most recently used to determine employer contributions to such Non-U.S. Benefit Plan; and (iii) each Non-U.S. Benefit Plan required to be registered has been registered and has been maintained in good standing in all material respects with applicable regulatory authorities.

### 3.13 Permits.

(a) Except as set forth in Schedule 3.13(a)(i) of the Seller Disclosure Schedules, each of the Acquired Companies has all material Permits that are necessary for it to conduct its operations in the manner in which they are presently conducted in accordance with Law, and all such Permits are listed on Schedule 3.13(a). Except as set forth in Schedule 3.13(a)(ii) of the Seller Disclosure Schedules, each material Permit held by the Acquired Companies is in full force and effect, in all material respects, and the Acquired Companies have been, since December 31, 2013, and currently are in compliance, in all material respects, with each such Permit, and there is no pending proceeding by any Governmental Entity or any threat in writing by any Governmental Entity to cancel, suspend, materially modify or fail to renew any material Permits.

(b) This Section 3.13 does not relate to environmental matters, which are instead the subject of Section 3.16.

### 3.14 Real Property.

(a) Schedule 3.14(a)(i) of the Seller Disclosure Schedules lists all material real property leases, including amendments and modifications thereto and guarantees thereof (collectively, the “Leases”) to which any Acquired Company is a party (the “Leased Real Property”). Schedule 3.14(a)(ii) of the Seller Disclosure Schedules lists all material real property owned by any Acquired Company, including all easements, appurtenances, hereditaments, rights of way, contracts for the assignment of rights (including reservoir margin rights) (*contratos de cessão de uso*) and similar rights, either granted or received by any of the Acquired Companies (the “Owned Real Property”), other than any real property rights of any Acquired Company owned pursuant to the Concessions. To the Knowledge of the Company, Schedule 3.14(a)(iii) of the Seller Disclosure Schedules lists all material real property over which any Acquired Company has possession rights (*direito de posse*) pursuant to the partial spin-off protocol (*protocolo de cisão parcial*) of CESP – Companhia Energética de São Paulo dated as of March 23, 1999 and all material real property over which any Acquired Company has possession rights and/or property rights related to the Concessions (the “Concession Real Property”).

(b) Except as would not constitute a Company Material Adverse Effect, (i) each Acquired Company has good and valid title to, or a valid leasehold interest in (or has analogous property rights under applicable Law), all Owned Real Property and Leased Real Property, as the case may be and (ii) none of the Acquired Companies has entered into any Contract to sell or granted an option or other right to any third party to purchase any of the Owned Real Property or any sublease with respect to any Leased Real Property.

(c) Schedule 3.14(c) of the Seller Disclosure Schedules contains a true and complete list of the concession agreements entered into between any Acquired Company and the Brazilian Governmental Entities in connection with hydroelectric power plants, as well as any authorizations and licenses whereby the relevant Governmental Entities have authorized any Acquired Company to operate its respective power generation plants (collectively, the “Concessions”). Except as would not constitute a Company Material Adverse Effect, each Acquired Company has the lawful right of possession (*posse*) of all Concession Real Property.

(d) No Acquired Company has received written notice of (i) a proceeding in eminent domain or other similar proceedings, and/or (ii) administrative or judicial proceedings relating to indigenous people, afro-descendent (*quilombola*) communities, resettled communities, non-governmental or social organizations rights or claims, and/or (iii) administrative or judicial proceedings relating to third parties *in rem* rights, affecting any of the Concession Real Property, Owned Real Property or Leased Real Property, entirely or partially, that would constitute a Company Material Adverse Effect.

(e) Except as would not constitute a Company Material Adverse Effect, (i) no Person, except for Governmental Entities pursuant to the Concessions, has a right to acquire



any interest in or become the owner of the Concession Real Property, Owned Real Property or Leased Real Property, (ii) there is no Person in possession of or using any portion of the Concession Real Property, Owned Real Property or Leased Real Property other than the Acquired Companies, and (iii) the possession and boundaries of the Concession Real Property, Owned Real Property or Leased Real Property have not been challenged by any Person since December 31, 2013.

(f) True and complete copies of all Leases and Concessions have been made available to Purchaser. Except as would not constitute a Company Material Adverse Effect, (i) each Lease and Concession is valid and binding and has not been terminated or repudiated by any party thereto, (ii) an Acquired Company has been in peaceable possession since the commencement of the original term of such Lease of the applicable Leased Real Property and is not in default thereunder and (iii) an Acquired Company has been in peaceable possession or control since the commencement of the original term of such Concession of the applicable Concession Real Property and is not in default thereunder.

### 3.15 Contracts.

(a) Set forth in Schedule 3.15(a) of the Seller Disclosure Schedules is, as of the date hereof, a list of the following Contracts to which any Acquired Company is a party or by which any of its respective properties or assets are bound, other than any insurance policies covering any Acquired Company or any of its respective assets (the Contracts set forth (or required to be set forth) in Schedule 3.15(a) of the Seller Disclosure Schedules are referred to herein as the "Company Material Contracts" and, as used in this Section 3.15, "Contracting Party" shall refer to any Acquired Company party to such Company Material Contract):

(i) all Operating Contracts providing for the payment by or to the Contracting Party in excess of the Relevant Material Contract Amount per year (other than (A) any agreements with another Acquired Company to document certain intercompany loans or (B) any agreements among any Acquired Company for the provision of services and/or payment of costs) which are not terminable by either party thereto upon sixty (60) days' notice or less;

(ii) all Contracts (other than Operating Contracts) requiring a capital expenditure by the Contracting Party in excess of the Relevant Material Contract Amount in any twelve-month (12-month) period;

(iii) all Contracts under which the Contracting Party is obligated to sell real or personal property having a value in excess of the Relevant Material Contract Amount;

(iv) all Contracts for the purchase or sale of any business, corporation, partnership, joint venture, association or other business organization or any division, assets, operating unit or product line thereof which have a purchase or sale price in excess of the Relevant Material Contract Amount, provided that, financial obligations remain under such Contracts (including potential indemnification obligations);

(v) all shareholders, partnership, limited liability company, voting, joint venture, joint development, strategic alliance, co-marketing, co-promotion or similar Contracts;

(vi) all Contracts under which the Contracting Party (A) created, incurred, assumed or guaranteed (or may create, incur, assume or guarantee) Indebtedness, (B) granted a Lien (other than Permitted Liens) on any Acquired Company or its interests or assets, whether tangible or intangible, to secure any Indebtedness or (C) extended credit or advanced funds to any Person, in each case, in excess of the Relevant Material Contract Amount;

(vii) all Contracts that grant a right of first refusal or similar right with respect to (A) any assets of the Contracting Party having a value in excess of the Relevant Material Contract Amount or (B) any direct or indirect economic interest in the Contracting Party having a value in excess of the Relevant Material Contract Amount;

(viii) any Contract providing for the use of (or covenanting not to assert) any Intellectual Property which is either material or has an annual license payment or fee in excess of the Relevant Material Contract Amount;

(ix) (A) any management service, consulting, financial advisory or any other similar type Contract and all Contracts with investment or commercial banks requiring payments in excess of the Relevant Material Contract Amount, in each case, other than in the ordinary course of business, and (B) any engagement letter or similar agreement with investment or commercial banks the obligations under which would survive the Closing and would require any Acquired Company to use the services of such investment or commercial bank (or offer such investment or commercial bank the opportunity to provide its services, or rights of first refusal in connection with such services or similar provisions);

(x) all Contracts materially limiting the ability of the Company or any of its Subsidiaries to engage in any material line of business or to compete with any Person or in any geographical area;

(xi) all Contracts involving any resolution or settlement of any actual or threatened Action having a value in excess of the Relevant Material Contract Amount;

(xii) all Contracts involving a standstill arrangement;

(xiii) all commitments or agreements to do or engage in any of the foregoing.

(b) Except as set forth in Schedule 3.15(b)(i) of the Seller Disclosure Schedules, the Company has made available to Purchaser complete and correct copies of all Company Material Contracts. Except as set forth in Schedule 3.15(b)(ii) of the Seller Disclosure Schedules, each Company Material Contract is (i) in full force and effect and (ii) the legal, valid and binding obligation of the Acquired Company party thereto and, to the Knowledge of the Company, of each other party thereto, enforceable against such Acquired Company or, to the Knowledge of the Company, against each other party thereto, except as such enforceability is limited by Laws affecting the enforcement of creditors' rights generally or by general equitable principles and, in each case, with such exceptions as would not constitute a Company Material Adverse Effect. Except as set forth in Schedule 3.15(b)(ii) of the Seller Disclosure Schedules, no Acquired Company is in breach or default under any Company Material Contract, which breach or default has not been waived, and, to the Knowledge of the Company, no other party to any Company Material Contract is in breach or default, except in each case, for any breach or default that would not constitute a Company Material Adverse Effect.

### 3.16 Environmental Matters.

(a) Except as set forth in Schedule 3.16 of the Seller Disclosure Schedules, or as would not constitute a Company Material Adverse Effect:

(i) each Acquired Company is, and has been for the five years prior to the date hereof, in compliance with all applicable Environmental Laws, including having and complying with the terms and conditions of all Permits required pursuant to applicable Environmental Laws that are necessary for them to conduct their operations ("Environmental Permits"), all of which Environmental Permits are in full force and effect;

(ii) no Acquired Company (A) has received any written notice of any actual or alleged violation of or Liability under any Environmental Law or written notice of any investigation with respect to actual or potential Liability under any Environmental Law, other than notices with respect to matters that have been resolved and for which any Acquired Company has no further obligations outstanding or (B) is subject to any outstanding

Governmental Order with regard to any violation of or Liability under any Environmental Law;

(iii) no Action is pending or, to the Knowledge of the Company, threatened under any applicable Environmental Law involving any Acquired Company;

(iv) no Hazardous Substances have been Released (A) such that any Acquired Company would be obligated to take any Remedial Action with respect to such Releases of such Hazardous Substances or (B) that would reasonably be expected to result in claims against any Acquired Company by other Persons under any Environmental Law (including claims for damage or injury to persons, property or natural resources);

(v) none of the Acquired Companies have assumed the Liability of any other Person under any Environmental Law pursuant to a written agreement in connection with the sale of any property or business, excluding any such liabilities or obligations which have expired or terminated by the terms of said agreement; and

(vi) all Acquired Companies are in full and timely compliance with all commitment terms for compensation of vegetation suppression. None of the Acquired Companies has been notified by any Governmental Entity of any breach of such commitment terms.

(b) Seller has made available to Purchaser materially accurate copies and results of all material reports, studies, analyses, tests, or monitoring in possession of Seller or any of the Acquired Companies pertaining to Hazardous Substances in, on, or under the Acquired Companies' facilities, or concerning compliance by the Acquired Companies' facilities or the Acquired Companies, which documents have been prepared since January 1, 2015.

(c) Notwithstanding any of the representations and warranties contained elsewhere in this Agreement, all environmental matters shall be governed exclusively by this Section 3.16.

### 3.17 Labor Matters.

(a) Schedule 3.17(a) of the Seller Disclosure Schedules contains a list of all collective bargaining agreements or labor agreements to which any Acquired Company is bound (the "CBAs").

(b) Except as set forth in Schedule 3.17(b) of the Seller Disclosure Schedules, no employees of any Acquired Company are represented by any labor union, works council or labor organization with respect to their employment with any Acquired Company.

(c) To the Knowledge of the Company, there are no material labor union organizing activities with respect to any employees of any Acquired Company.

(d) Since December 31, 2011 to the date hereof, there have been no material labor strikes, lockouts, union organization activities (including, but not limited to, union organization campaigns or requests for representation), pickets, slowdowns, stoppages, material grievances or collective labor disputes or similar activity against or affecting any Acquired Company.

(e) Each Acquired Company is, and, since December 31, 2011, has been, in compliance in all material respects with all applicable Laws and Governmental Orders respecting labor, employment, fair employment practices (including equal employment opportunity laws), terms and conditions of employment, classification of employees and independent contractors, workers' compensation, occupational safety and health, immigration, affirmative action, employee and data privacy, plant closings, and wages and hours.

### 3.18 Intellectual Property.

(a) Schedule 3.18(a) of the Seller Disclosure Schedules lists all registered (or pending applications for registration of) patents, trademarks, service marks, trade names, domain names, and copyrights that will be owned by an Acquired Company as of the Closing Date or will otherwise be transferred to Purchaser at the Closing.

(b) Except as set forth on Schedule 3.18(b) of the Seller Disclosure Schedules or as would not constitute a Company Material Adverse Effect, (i) each Acquired Company owns (free and clear of all Liens other than Permitted Liens), or has the right to use, all patents, patent rights (including patent applications and licenses), know-how, trade secrets, trademarks (including trademark applications and registrations, trademark rights, trade names, trade name rights, service marks, and service mark rights), copyrights, software, data, databases, information technology, and other proprietary intellectual property rights (collectively, "Intellectual Property") and information technology assets, in each case, used in and necessary for the conduct of the businesses of the Acquired Companies as currently conducted, and such rights will not be adversely affected by the consummation of the transactions contemplated hereby, (ii) the businesses of the Acquired Companies as currently conducted do not infringe, misappropriate or otherwise violate the Intellectual Property rights of any third party, (iii) there is no Action pending and, to the Knowledge of the Company, no third party is alleging the foregoing (ii) or challenging, infringing or otherwise violating any right of any Acquired Company in any Intellectual Property owned by an Acquired Company; (iv) no Acquired Company has received any written notice of any claim alleging (ii) or (iii), including that Intellectual Property owned by an Acquired Company and used in and necessary for the conduct of the businesses of the Acquired Companies as currently conducted infringes or otherwise violates the Intellectual Property rights of any third party; (v) each Acquired

Company has used commercially reasonable efforts to protect its material trade secrets and confidential information and any personal information or data in its possession from unauthorized access by third Persons; and (vi) the Acquired Companies' information technology assets have not materially malfunctioned or failed within the past three years (except in a manner that has since been fully resolved in a commercially reasonable manner).

3.19 Affiliate Contracts; Intercompany Indebtedness; Support Obligations.

(a) Schedule 3.19(a)(i) of the Seller Disclosure Schedules contains a true and complete list of each Contract as of the date hereof between (a) any Acquired Company, on the one hand, and (b) Seller or any Non-Company Affiliate, on the other hand (collectively, but excluding any Intercompany Indebtedness and Support Obligations, the "Affiliate Contracts"). Other than pursuant to the Affiliate Contracts and except as set forth on Schedule 3.19(a)(ii) of the Seller Disclosure Schedules, (x) neither Seller nor any Non-Company Affiliate provides or causes to be provided any assets, services or facilities to the Acquired Companies which are necessary in any material respect to conduct their businesses as currently conducted, and (y) none of the Acquired Companies provides or causes to be provided any assets, services or facilities to Seller or any Non-Company Affiliate.

(b) Schedule 3.19(b) of the Seller Disclosure Schedules contains a true and accurate account of all Indebtedness as of the date of such Schedule that is owed from any Acquired Company, on the one hand, to Parent or any of its Non-Company Affiliates, on the other hand (all such Indebtedness, whether or not included on such Schedule, the "Intercompany Indebtedness").

(c) Schedule 3.19(c) of the Seller Disclosure Schedules contains a true and complete list of all credit support obligations, including guarantees, letters of credit, escrow arrangements, surety and performance bonds and security agreements and arrangements outstanding as of the date hereof provided by certain Non-Company Affiliates on behalf of certain of the Acquired Companies (the "Support Obligations").

3.20 Insurance.

(a) Set forth in Schedule 3.20(a)(i) of the Seller Disclosure Schedules is a true and complete list of all material third-party policies of insurance under which any assets or business activities of any Acquired Company are covered, including, for each such policy, the type of policy, the name of the insured, the term of the policy, a description of the limits of such policy, the basis of coverage and the deductibles. Each such insurance policy is valid and binding and in full force and effect, no material premiums due thereunder have not been paid, and neither Seller nor the Acquired Companies have received any written notice of cancellation or termination in respect of any such insurance policy or is in material breach of or material default under any such

insurance policy. Schedule 3.20(a)(ii) of the Seller Disclosure Schedules sets forth a list of all pending claims and the claims history of the Acquired Companies since December 31, 2013.

(b) Seller or a Non-Company Affiliate of Seller provides the self-insurance arrangements to the Project Companies set forth in Schedule 3.20(b) of the Seller Disclosure Schedules relating to their respective businesses on such terms and against such risks and losses as is in accordance with good industry practices. Any such self-insurance arrangements are in full force and effect, and each Project Company is in material compliance with the terms and conditions thereof.

3.21 Brokers and Finders. No Acquired Company has entered into any agreement or arrangement entitling any agent, broker, investment banker, financial advisor or other firm or Person to any broker's or finder's fee or any other commission or similar fee payable by any Acquired Company in connection with any of the transactions contemplated by this Agreement, except Credit Suisse Securities (USA) LLC and J.P. Morgan Securities LLC, whose fees and expenses shall be paid by Seller or its direct or indirect parent companies.

3.22 Duke Energy International Brasil Holdings, LLC. Duke Energy International Brasil Holdings, LLC, a Delaware limited liability company, (a) was formed solely for the purpose of holding 0.01% (one quota) of Duke International, Brasil Ltda (Brazil), (b) holds only such quota and otherwise has no assets or Liabilities (other than incurred or to be incurred in connection with maintaining its corporate existence) and (c) has not made any other investment or otherwise engaged in any other activities or conducted any business or operations not related to holding such quota.

3.23 No Other Representations and Warranties. Except for the representations and warranties contained in this Article III and in Article II, no Acquired Company or Person acting on behalf of any Acquired Company makes any representation or warranty, express or implied, concerning the businesses, finances, operations, assets, liabilities, prospects or any other aspect of the Acquired Companies.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES OF PURCHASER

Except as set forth in the Purchaser Disclosure Schedules, Purchaser represents and warrants to Seller as follows in this Article IV:

4.1 Organization and Qualification. Purchaser is a *société à responsabilité limitée*, duly formed, validly existing and in good standing under the laws of Grand Duchy of Luxembourg and has full company power and authority to own, lease and operate its assets and properties and to conduct its business as presently conducted. Purchaser is duly qualified to do

business and is in good standing as a foreign company in all jurisdictions in which such qualification is necessary under applicable Law as a result of the conduct of its business or the ownership of its properties, except for those jurisdictions where failure to be so qualified or in good standing would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement.

4.2 Authority. Purchaser has full company power and authority to enter into this Agreement and subject to receipt of the Purchaser Required Statutory Approvals, to consummate the transactions contemplated hereby. The execution, delivery and performance by Purchaser of this Agreement and the consummation by Purchaser of the transactions contemplated hereby have been duly and validly authorized by all requisite company action on the part of Purchaser, and no other company proceedings or approvals on the part of Purchaser are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by Purchaser and, assuming the due authorization, execution and delivery hereof by each other Party, constitutes the legal, valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with its terms, except as limited by Laws affecting the enforcement of creditors' rights generally or by general equitable principles.

4.3 Non-contravention. Except as set forth in Schedule 4.3 of the Purchaser Disclosure Schedules, the execution and delivery of this Agreement by Purchaser do not, and the consummation of the transactions contemplated hereby will not, result in any Violation, or result in the creation of any Lien upon any of the properties or assets of Purchaser, pursuant to any provision of (a) the Organizational Documents of Purchaser; (b) subject to obtaining the third-party Consents set forth in Schedule 4.3 of the Purchaser Disclosure Schedules (the "Purchaser Required Consents"), any lease, mortgage, indenture, note, bond, deed of trust or other instrument or agreement of any kind to which Purchaser is a party or by which Purchaser may be bound; or (c) subject to obtaining the Purchaser Required Statutory Approvals, any Law, Permit or Governmental Order applicable to Purchaser, other than, in the case of clauses (a), (b) and (c), for any such Violation or Lien which would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement.

4.4 Statutory Approvals. Except for the filings or approvals (a) set forth in Schedule 4.4 of the Purchaser Disclosure Schedules (the "Purchaser Required Statutory Approvals") and (b) as may be required due to the regulatory or corporate status of Seller or any of the Acquired Companies, no Consent of any Governmental Entity is required to be made or obtained by Purchaser in connection with the execution and delivery of this Agreement or the consummation by Purchaser of the transactions contemplated hereby, except those which the failure to obtain or make would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse



Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement.

4.5 Ownership of Certain Assets. Schedule 4.5 of the Purchaser Disclosure Schedules sets forth any ownership interests in any generating facilities, transmission and distribution (T&D) assets or power generating assets, as well as in any assets or businesses in the trunk transmission sector, held by Purchaser or its Affiliates in Brazil.

4.6 Financing; Solvency.

(a) Purchaser has sufficient cash, credit facilities or other financing sources available, and will have sufficient cash, credit facilities or other financing sources available at the Closing, to pay the Purchase Price and all related fees and expenses, in each case in United States dollars, and otherwise to effect all other transactions contemplated by this Agreement (the "Financing Arrangements"). Notwithstanding anything contained in this Agreement to the contrary, Purchaser expressly acknowledges that its obligations hereunder are not conditioned in any manner upon Purchaser or any of its Affiliates obtaining any financing.

(b) After giving effect to the transactions contemplated by this Agreement, including the Financing Arrangements and the payment of the Purchase Price, any other repayment or refinancing of existing indebtedness contemplated in this Agreement, payment of all amounts required to be paid in connection with the consummation of the transactions contemplated hereby, and payment of all related fees and expenses, and assuming that all of the representations and warranties of Seller and the Company contained in this Agreement are true and correct, Purchaser will be Solvent, both as of the Closing Date and immediately after the consummation of the transactions contemplated hereby. For the purposes of this Agreement, the term "Solvent" when used with respect to any Person, means that, as of any date of determination, (i) the amount of the "fair saleable value" of the assets of such Person will, as of such date, exceed (A) the sum of the value of all "Liabilities of such Person, including contingent and other Liabilities" as of such date, and the capital of such Person, as computed in accordance with applicable Law as of such date, as such quoted terms are generally determined in accordance with applicable Laws governing determinations of the insolvency of debtors, and (B) the amount that will be required to pay the probable Liabilities of such Person on its existing debts (including contingent and other Liabilities) as such debts become absolute and mature, (ii) such Person will not have, as of such date, an unreasonably small amount of capital for the operation of the businesses in which it is engaged or proposed to be engaged following such date, and (iii) such Person will be able to pay its Liabilities, including contingent and other Liabilities, as they mature. For purposes of this definition, the phrases "not have an unreasonably small amount of capital for the operation of the businesses in which it is engaged or proposed to be engaged" and "able to pay its Liabilities, including contingent and other Liabilities, as they mature" mean that such Person will be able to generate enough cash

from operations, asset dispositions or refinancing, or a combination thereof, to meet its obligations as they become due.

4.7 Litigation. Except as set forth in Schedule 4.7 of the Purchaser Disclosure Schedules, there is no Action pending or, to the Knowledge of Purchaser, threatened against Purchaser or any of its Subsidiaries or affecting any of their respective assets or properties that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement. Subject to obtaining the Purchaser Required Statutory Approvals, there are no Governmental Orders of or by any Governmental Entity applicable to Purchaser or any of its Subsidiaries, except for such that would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement.

4.8 Investment Intention; Sufficient Investment Experience; Independent Investigation. Purchaser is acquiring the Company Shares for its own account and not with a view to their sale or distribution in violation of applicable securities Laws; provided, however, for the avoidance of doubt, Purchaser may transfer, assign or sell Company Shares to co-investors after the Closing. Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the Company and the merits and risks of an investment in the Company Shares. Purchaser has been given adequate opportunity to examine all documents provided by, conduct due diligence and ask questions of, and to receive answers from, Seller, the Company and their respective Representatives concerning the Company and Purchaser's investment in the Company Shares. Purchaser has, among other things, had full access to the Virtual Data Room and received the Seller Disclosure Schedules. Purchaser has also received certain projections and other forecasts, including projected financial statements, cash flow items, capital expenditure budgets and certain business plan information, and acknowledges that (a) there are uncertainties inherent in attempting to make such projections and forecasts and, accordingly, it is not relying on them, (b) Purchaser is familiar with such uncertainties and is taking full responsibility for making its own evaluation of the adequacy and accuracy of all such projections and forecasts, (c) Purchaser has no claim under this Agreement against anyone with respect to the accuracy of such projections and forecasts, and (d) neither Seller nor the Company nor any other Person has made any representation or warranty with respect to such projections and forecasts. Purchaser acknowledges and affirms that it has completed to its satisfaction its own independent investigation, analysis and evaluation of the Acquired Companies, that it has made all such reviews and inspections of the businesses, assets, Liabilities, results of operations and condition (financial or otherwise) of the Acquired Companies as it has deemed necessary or appropriate, and that in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby it has relied solely on its own independent investigation, analysis and evaluation of Seller's representations and warranties set forth in Article II and the Company's representations and warranties set forth in Article III.

Nothing herein shall prohibit or prevent Purchaser from bringing claims for actual and intentional fraud against Seller.

4.9 Brokers and Finders. Purchaser has not entered into any agreement or arrangement entitling any agent, broker, investment banker, financial advisor or other firm or Person to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, except Merrill Lynch, Pierce, Fenner & Smith Incorporated, whose fees and expenses will be paid by Purchaser in accordance with Purchaser's agreement with such firm.

4.10 Compliance with Laws. Except as set forth in Schedule 4.10 of the Purchaser Disclosure Schedules, since December 31, 2013, neither Purchaser nor any of its Affiliates has been given written notice by any Governmental Entity of, or been charged in writing by any Governmental Entity with, any violation of, or, to the Knowledge of Purchaser, is in violation of, or is under investigation with respect to any violation of, any Law or Governmental Order, except, in each case, for violations which would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement. Except as would not, individually or in the aggregate, reasonably be expected to have a Purchaser Material Adverse Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement, Purchaser and each of its Subsidiaries is in compliance with (a) the USA PATRIOT Act of 2001, as amended, and any rules and regulations promulgated thereunder, (b) the Foreign Corrupt Practices Act of 1977, as amended, and any rules and regulations promulgated thereunder, (c) the Organisation for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and legislation implementing such Convention, (d) the United Kingdom Bribery Act of 2010, as amended, and any rules and regulations promulgated thereunder, and (e) the Brazilian anticorruption law (Law 12,846/13), and any rules and regulations promulgated thereunder.

4.11 No Other Representations and Warranties. Except for the representations and warranties contained in this Article IV, neither Purchaser nor any Person acting on behalf of Purchaser makes any representation or warranty, express or implied, under this Agreement. Purchaser acknowledges and agrees that, except as expressly set forth in Article II and Article III, neither Seller nor the Company nor any of their Affiliates has made any representation or warranty, express or implied, to Purchaser or any of its Affiliates in connection with this Agreement. Without limiting the generality of the foregoing, and except as expressly set forth in Article II and Article III, (a) Purchaser acknowledges and agrees that neither Seller nor the Company nor any of their Affiliates has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding Seller or its Affiliates made available to Purchaser, and (b) neither Seller nor the Company nor any other Person shall be subject to any Liability to Purchaser,

or any other Person, as a result of Seller having made available to Purchaser any such information, including in the Virtual Data Room, management presentations (formal or informal), or in any other form in connection with the Transaction. Without limiting the foregoing, neither Seller nor the Company nor any of their Affiliates makes any representation or warranty to Purchaser with respect to any financial projection or forecast relating to the Acquired Companies. Nothing herein shall prohibit or prevent Purchaser from bringing claims for actual and intentional fraud against Seller.

## ARTICLE V

### COVENANTS

#### 5.1 Conduct of Business.

(a) After the date hereof and prior to the Closing or earlier termination of this Agreement, except as set forth in Schedule 5.1 of the Seller Disclosure Schedules and except (i) as contemplated in or required by this Agreement, (ii) as contemplated by or in connection with the Restructuring Transactions, if any, (iii) as is required to comply with any Company Material Contract disclosed to Purchaser, (iv) in connection with any commercially reasonable actions taken in response to an operational emergency (provided that Seller shall give prompt notice of any such emergency and actions to Purchaser, and provided, further, that Seller shall use its commercially reasonable efforts and shall cause the Acquired Companies to use their respective commercially reasonable efforts to minimize losses in connection with such emergency and related actions), (v) for the declaration and payment of any cash dividends or any cash distributions from any Acquired Company to its equity holders prior to the Deemed Closing Time, provided that the Acquired Companies shall have an aggregate amount of cash at the Deemed Closing Time and at the Closing equal to at least \$100,000,000, (vi) as required by applicable Law, or (vii) so long as permitted by applicable Law, to the extent Purchaser shall otherwise consent, which consent shall not be unreasonably withheld, conditioned or delayed, Seller shall, and Seller shall cause each of the Acquired Companies to:

(i) conduct its business in the ordinary and usual course in substantially the same manner as heretofore conducted and use commercially reasonable efforts to preserve its business organization and reputation intact and maintain its existing relations and goodwill with customers, suppliers, creditors, lessors, employees and business associates;

(ii) not (A) amend its Organizational Documents, other than amendments which are ministerial in nature or immaterial; (B) split, combine or reclassify its outstanding Equity Interests; or (C) repurchase, redeem or otherwise acquire any shares of its capital stock or Equity Interests or any securities convertible into or exchangeable or exercisable for any shares of its capital stock or Equity Interests;

(iii) not authorize, issue, sell, or dispose of any shares of, or securities convertible into or exchangeable or exercisable for, or options, warrants, "phantom stock" rights, calls, commitments or rights of any kind to acquire, any shares of its capital stock or Equity Interests, other than any issuance, sale or disposal solely among any wholly-owned Acquired Companies;

(iv) not (a) incur any Indebtedness, other than borrowings under existing credit facilities that are necessary to fund working capital in a manner consistent with the Acquired Companies' ordinary working capital requirements in the ordinary course of business or (b) enter into any Contracts related to Indebtedness, including any refinancings other than refinancings of existing credit facilities for the purpose of incurring additional Indebtedness that is necessary to fund working capital in a manner consistent with the Acquired Companies' ordinary working capital requirements in the ordinary course of business;

(v) not make, or make any commitments for, capital expenditures in excess of the Relevant Interim Period Amount individually or the Relevant Aggregate Interim Period Amount in the aggregate;

(vi) not make any acquisition of, or investment in, assets or stock or Equity Interests of any other Person in excess of the Relevant Interim Period Amount individually or the Relevant Aggregate Interim Period Amount in the aggregate;

(vii) not sell, lease, license, encumber or otherwise dispose of any of its assets in excess of the Relevant Interim Period Amount individually or the Relevant Aggregate Interim Period Amount in the aggregate, or encumber any material assets with any Liens, other than Permitted Liens;

(viii) not terminate, establish, adopt, enter into, make any new grants or awards of stock-based compensation or other benefits under, amend or otherwise materially modify any Non-U.S. Benefit Plan, or solely with respect to any directors, officers or employees of an Acquired Company, any Company Plan set forth on Schedule 3.12(c) of the Company Disclosure Schedules, or increase the salary, wage, bonus or other compensation of any directors, officers or employees of any Acquired Company, except (A) for increases to any individuals who are not directors or officers of an Acquired Company in the ordinary course of business consistent with past practice including increases in connection with ordinary course periodic performance reviews for non-officers that do not exceed five percent (5%) individually or three percent (3%) in the aggregate, (B) for actions reasonably determined to be necessary or appropriate for administrative reasons or to satisfy applicable Law or existing contractual obligations under Company Plans or (C) for annual

grants or awards to directors, officers and employees of the Acquired Companies who are current participants under existing Company Plans, in the ordinary course of business and in such amounts and on such terms as consistent with past practice, provided that such grants or awards are under a Seller Plan and that neither Purchaser or any Acquired Company will have any liability with respect to such awards or grants before, on or after the Closing;

(ix) not take any affirmative action to (A) accelerate the vesting of or lapsing of restrictions with respect to any stock-based compensation or other long-term incentive compensation under any Company Plan with respect to any director, officer or employee of any Acquired Company; (B) enter into, amend or terminate any collective bargaining agreement or other agreement with a labor union, works council or similar organization; (C) materially change any actuarial or other assumptions used to calculate funding obligations with respect to any Company Plan that is required by applicable Law to be funded or change the manner in which contributions to such plans are made or the basis on which such contributions are determined, except as may be required by GAAP or applicable Law; (D) forgive any loans, or issue any loans (other than routine travel or other business expense advances issued in the ordinary course of business), to any of its directors, officers, contractors or employees; or (E) hire or engage any new employee or consultant or terminate the employment or engagement, other than for cause, of any employee or consultant if such employee or consultant will receive annual base compensation in excess of \$100,000;

(x) not change any material financial accounting method, policy, practice or election, except as required by GAAP;

(xi) not engage in, or adopt a plan of, a complete or partial liquidation, dissolution, winding up, merger, consolidation, restructuring, recapitalization or other reorganization (other than the Transaction);

(xii) (A) maintain, or cause to be maintained, in full force and effect, any self-insurance arrangements maintained by Seller or the Non-Company Affiliates for the benefit of the Acquired Companies set forth in Schedule 3.20(b) of the Seller Disclosure Schedules and (B) maintain insurance with financially responsible or nationally recognized insurers in such amounts and against such risks and losses as are consistent with the insurance maintained by it in the ordinary and usual course of business with respect to any of the Acquired Companies with respect to which self-insurance arrangements are not maintained by Seller or the Non-Company Affiliates as are set forth in Schedule 3.20(b) of the Seller Disclosure Schedules;

(xiii) not amend or modify, extend or terminate (partially or completely) in any material respect, or enter into any material waivers in connection with, any Company Material Contract or Affiliate Contract (other than routine waivers in the normal course of business) or any Contract that if in existence on the date hereof would have been required to be disclosed on Schedule 3.15(a) or 3.19(a)(i) of the Seller Disclosure Schedules;

(xiv) not enter into any power purchase agreement relating to the post-Closing period with a term longer than one (1) year and that involves more than four percent (4%) of the Acquired Companies' aggregate portfolio, measured by megawatts;

(xv) not settle or compromise any Actions that (a) exceed the Relevant Interim Period Amount, individually, or the Relevant Aggregate Interim Period Amount, in the aggregate or (b) seek to impose any material non-monetary obligations on the Acquired Companies;

(xvi) other than in the ordinary course of business or as required by applicable Law, not (A) make, modify or revoke any Tax election, (B) settle or compromise any claim relating to Taxes, or (C) amend any material Tax Return, in each case, to the extent that doing so would reasonably be expected to result in a material incremental cost to Purchaser or any of the Acquired Companies after the Closing; or

(xvii) not commit in writing to take any of the actions set forth in subsections (i)-(xvi) of this Section 5.1(a).

(b) Nothing contained in this Agreement shall give Purchaser, directly or indirectly, any right to control or direct any Acquired Company's operations of its business prior to the Closing. Prior to the Closing, Seller and each of the Acquired Companies shall exercise, consistent with the other terms and conditions of this Agreement, complete control and supervision over their respective businesses.

(c) Notwithstanding the foregoing, with respect to the matters set forth in Section 5.1(a) which are above the Consultation Threshold and below the Relevant Interim Period Amount, Seller shall inform reasonably promptly and consult with Purchaser with respect to any such matters.

## 5.2 Regulatory Approvals.

(a) Regulatory Approvals. Each Party shall cooperate and use reasonable best efforts to prepare and file as soon as practicable (but in no event more than thirty (30) days following the date hereof) all applications, notices, petitions, filings and other documents necessary

to obtain, and shall use reasonable best efforts to obtain, the Required Statutory Approvals. The Parties further agree to use reasonable best efforts (i) to take any act, make any undertaking or receive any clearance or approval required by any Governmental Entity or applicable Law and (ii) to satisfy any conditions imposed by any Governmental Entity in all Final Orders, in each case in order to consummate the transactions contemplated hereby as soon as reasonably possible. Each of the Parties shall (i) respond as promptly as practicable to any inquiries or requests received from any Governmental Entity for additional information or documentation, (ii) provide such information with respect to such Party as may be necessary to obtain the Required Statutory Approvals and (iii) not enter into any agreement with any Governmental Entity that would reasonably be expected to adversely affect the Parties' ability to consummate the transactions contemplated by this Agreement, except with the prior consent of the other Parties (which consent shall not be unreasonably withheld, conditioned or delayed). Each of the Parties shall use reasonable best efforts to avoid or eliminate each and every impediment under any antitrust, competition, or trade or energy regulation Law that may be asserted by any Governmental Entity with respect to the transactions contemplated hereby so as to enable the Closing Date to occur as soon as reasonably possible. The actions required by the immediately preceding sentence shall include proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture or disposition of such assets or businesses of Purchaser or its Affiliates (including their respective Subsidiaries), and agreeing to such limitations on its or their conduct or actions as may be required in order to obtain the Required Statutory Approvals as soon as reasonably possible, to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any suit or proceeding, which would otherwise have the effect of preventing or delaying the Closing Date, and defending through litigation on the merits, including appeals, any claim asserted in any court by any Person.

(b) Communications. Each Party shall (i) promptly furnish each other Party with copies of all filings, notices, correspondence or other written communications from or to, and inform one another of any communications received from, any Governmental Entity, (ii) promptly make any appropriate or necessary subsequent or supplemental filings, (iii) cooperate in the preparation of such filings as is reasonably necessary and appropriate, and (iv) permit each other Party reasonable opportunity to review in advance, and consider in good faith any comments to, any proposed written communication between such Party and any Governmental Entity. If a Party or any of its Affiliates intends to participate in any substantive meeting or discussion with any Governmental Entity with respect to the transactions contemplated by this Agreement or any filings, investigations or inquiries made in connection with the transactions contemplated by this Agreement, it will give the other Parties reasonable prior notice of and, to the extent permitted by such Governmental Entity, an opportunity to participate in, such meeting or discussion. This Section 5.2(b) does not relate to Tax matters, which are instead the subject of Section 5.13.



5.3 Required Consents. Seller and the Company, on the one hand, and Purchaser, on the other hand, agree to use reasonable best efforts to obtain the Company Required Consents and the Purchaser Required Consents, respectively, and to cooperate with each other in connection with the foregoing.

5.4 Access; Confidentiality.

(a) Subject to applicable Law and Governmental Orders, Seller shall, and shall cause each of the Acquired Companies to, during the period from and after the date hereof until the Closing, upon reasonable advance notice, (i) afford Purchaser and its authorized directors, officers, employees, accountants, counsel, financing sources and lenders, investment bankers and consultants (collectively, "Representatives") reasonable access, during normal business hours, in the presence of at least one (1) Representative of Seller, to all officers, employees, properties, books and records (with respect to U.S. Tax books and records, only to the extent solely and directly related to the Acquired Companies), Contracts and other documents of the Acquired Companies, (ii) furnish to Purchaser such financial and operating data and other information relating to the Acquired Companies as Purchaser may reasonably request (including such accounting and auditing information as may be necessary to prepare financial statements), and (iii) instruct the appropriate Acquired Company employees to cooperate reasonably with Purchaser and its Representatives in connection with the foregoing; provided, however, that, in each case, such access, furnishing of information and cooperation shall not (w) unreasonably disrupt any Acquired Company's operations, (x) require any Acquired Company to permit any inspection or to disclose any information that, in the reasonable judgment of such Acquired Company, would result in the disclosure of any trade secrets or violate any of its obligations to third parties with respect to confidentiality (so long as the Seller notifies Purchaser of such confidentiality requirement and used its commercially reasonable efforts to obtain a waiver thereof or agree to alternative means of disclosure), (y) require any Acquired Company to disclose any attorney-client privileged information of any Acquired Company (so long as the Seller has used commercially reasonable efforts to agree to alternative means of disclosure), or (z) include any sampling of environmental media or building materials or (z) require Seller or any of its Affiliates (including the Acquired Companies) to disclose any proprietary information of or regarding Seller or its Affiliates (excluding the Acquired Companies). All requests for information made pursuant to this Section 5.4(a) shall be directed to such Persons designated by Seller in writing from time to time. All such information shall be governed by the terms of the Confidentiality Agreement. Purchaser shall not, and shall cause its Representatives not to, use any information obtained pursuant to this Section 5.4(a) (as well as any other confidential information provided to Purchaser or any of its Representatives by or on behalf of Parent, Seller or any Acquired Company prior to the date hereof) for any purpose unrelated to the transactions contemplated by this Agreement.

(b) Purchaser shall indemnify and hold harmless Seller, its Affiliates and their respective Representatives for any and all Liabilities, Losses, costs or expenses incurred by Seller, its Affiliates or their respective Representatives arising out of the access rights under this Section 5.4, including any claims by any of Purchaser's Representatives for any injuries or property damage while present on the Real Property.

(c) Notwithstanding anything to the contrary in this Section 5.4, neither Seller nor the Acquired Companies shall be obligated to disclose to Purchaser any information (x) the disclosure of which could reasonably be expected to (i) violate any applicable Law, (ii) result in the loss of attorney-client privilege with respect to such information (so long as Seller has used commercially reasonable efforts to consider alternative means of disclosure), or (iii) result in a breach of an agreement to which Seller or any Acquired Company or any of their respective Affiliates is a party (so long as Seller notifies Purchaser of such confidentiality requirement and used its commercially reasonable efforts to obtain a waiver thereof and to agree to alternative means of disclosure), or (y) that constitutes any trade secret or confidential information of third parties (so long as Seller notifies Purchaser of the confidentiality of such information and used its commercially reasonable efforts to obtain a waiver thereof or agree to alternative means of disclosure)

(d) From and for a period of two (2) years after the Closing, Seller shall, and shall cause its Affiliates and its or their respective Representatives to, hold in confidence any and all information concerning Purchaser and the Acquired Companies, and their respective Affiliates, except to the extent that such information (i) has come within the public domain through no action or omission of the Seller or its Affiliates or Representatives in violation of clause (iii) hereof; (ii) is later acquired by Seller or its Affiliates after the Closing from another source if the receiving Person is not aware that such source is under an obligation to Purchaser or the Acquired Companies or their respective Affiliates to keep such documents and information confidential or (iii) is disclosed in connection with Parent's reporting obligations under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended. If Seller or any of its Affiliates or their respective Representatives are compelled to disclose any information subject to such confidentiality obligations by Law or Governmental Order or in an Action, Seller shall, to the extent legally permissible, give Purchaser prompt notice of such disclosure to permit Purchaser to seek a protective order should it so determine. At any time that such protective order or remedy has not been obtained, Seller or such Affiliate or Representative may disclose only that portion of such information which such Person is legally required to disclose or of which disclosure is required to avoid sanction for contempt or any similar sanction, and Seller shall exercise its commercially reasonable efforts to obtain assurance that confidential treatment will be accorded to such information so disclosed.

(e) For a period of twelve (12) months after the Closing Date, Seller shall not and shall cause its Affiliates not to, directly or indirectly, employ, engage, hire, recruit or solicit

for employment, recruitment, engagement or hire (whether as an employee, consultant or otherwise) any Continuing Employee; provided that, Seller shall not be precluded from employing, soliciting, recruiting or hiring any such Continuing Employee (i) who has been terminated by the Company or any of its Affiliates at least six (6) months prior to the commencement of employment or hiring discussion with such Continuing Employee, or (ii) who responds to a general or public solicitation not targeted at Continuing Employees. Notwithstanding the foregoing, Seller and its Affiliates shall not be restricted from engaging in general or public solicitations or advertising not targeted at any such Continuing Employees.

(f) From and after the Closing, Purchaser and Seller shall, and shall cause their respective Representatives, upon reasonable notice, to (i) furnish to each other, and their respective Representatives, such financial and operating data and other information relating to the Acquired Companies (including books and records of the Acquired Companies) as is reasonably necessary for planning any systems conversions, process changes, litigation, employee benefits, environmental, financial reporting and accounting matters, or the preparation and filing of any required regulatory or other filings, responses or reports and information relating to any Action or as required by any Law or Governmental Order, and (ii) make available to each other, and their respective Representatives, their respective directors, officers and employees as may reasonably be requested to cooperate in connection with the foregoing; provided that such access shall not unreasonably interrupt Seller's or the Acquired Companies' businesses; provided, further, that with respect to any claim under this Agreement, disclosure shall be governed by applicable rules of evidence. After the Closing, Purchaser shall cause the Acquired Companies to preserve such information and the books and records for at least eight (8) years after the Closing Date. This Section 5.4(f) does not relate to Tax matters, which are instead the subject of Section 5.13.

5.5 Publicity. Each of the Parties shall be entitled to issue a press release in connection with entry into in this Agreement, provided that they shall consult with each other before issuing any such press release. Thereafter, until the Closing, none of Seller, the Company or Purchaser or any of their respective Affiliates shall, without the express written approval of Seller, the Company and Purchaser (which approval shall not be unreasonably withheld, conditioned or delayed), make any press release or other public announcements concerning the transactions contemplated by this Agreement, except as and to the extent that any such Party shall be so obligated by applicable Law, or pursuant to any such listing agreement or rules of any national securities exchange, in which case the other Parties shall be advised and the Parties shall use commercially reasonable efforts to cause a mutually agreeable release or announcement to be issued.

#### 5.6 Employee Matters.

(a) For a period of twelve (12) months following the Closing Date, Purchaser and the Company shall cause the employees of the Company or any Subsidiary of the

Company who remain in the employment of Purchaser, the Company, their Subsidiaries or their respective successors immediately following the Closing (the "Continuing Employees") to receive compensation, employee benefits and severance protection (other than equity compensation) that are each substantially comparable in the aggregate to the compensation, employee benefits and severance protection (including statutory severance and the Acquired Companies' past practice of providing market-based severance through benchmarking) provided to such employees immediately prior to the Closing. Nothing contained herein shall be construed as requiring Purchaser, the Company or any Subsidiary of the Company to continue or to cause the continuance of any specific employee benefit plans or to continue or cause the continuance of the employment of any specific person.

(b) With respect to each benefit plan of Purchaser or its Subsidiaries in which a Continuing Employee participates after the Closing, for purposes of determining eligibility, vesting and amount of benefits, including severance benefits and paid time off entitlement (but not for pension benefit accrual purposes), Purchaser shall cause service with the Company and its Subsidiaries (or predecessor employers to the extent the Company or its Subsidiaries provided past service credit) to be treated as service with Purchaser and its Subsidiaries; provided that such service shall not be recognized to the extent that such recognition would result in a duplication of benefits or to the extent that such service was not recognized under an analogous Company Plan.

(c) With respect to any welfare benefit plan maintained by Purchaser or its Subsidiaries in which Continuing Employees are eligible to participate after the Closing, Purchaser shall, and shall cause the Company and its Subsidiaries to use commercially reasonable efforts to, (i) waive all limitations as to preexisting conditions and exclusions with respect to participation and coverage requirements applicable to such employees to the extent such conditions and exclusions were satisfied or did not apply to such employees under the Company Plans prior to the Closing, and (ii) provide each Continuing Employee with credit for any co-payments and deductibles paid prior to the Closing in satisfying any analogous deductible or out-of-pocket requirements to the extent applicable under any such plan.

(d) Purchaser shall, and shall cause the Acquired Companies to, honor the terms of each CBA until such CBA otherwise expires pursuant to its terms or is modified by the parties thereto.

(e) Notwithstanding anything in this Agreement to the contrary, no Acquired Company will assume or have any liability under any Company Plan that is not a Non-US Benefit Plan (a "Seller Plan") at or following the Closing and Seller shall indemnify and hold harmless Purchaser or any Acquired Company for any claim or liability with respect to any Seller Plan.

(f) Nothing contained in this Section 5.6 shall be construed to (i) establish, amend or modify any benefit or compensation plan, program, agreement, contract, policy or arrangement, (ii) limit the ability of Purchaser, the Company or any of their respective Subsidiaries to amend, modify or terminate any benefit or compensation plan, program, agreement, contract, policy or arrangement at any time assumed, established, sponsored or maintained by any of them or (iii) create any third-party beneficiary rights in any employee of the Company or any of its Subsidiaries, any beneficiary or dependent thereof, or any collective bargaining representative thereof, with respect to the compensation, terms and conditions of employment and/or benefits that may be provided to any Continuing Employee by Purchaser or the Company or under any benefit plan which Purchaser or the Company may maintain.

(g) Notwithstanding anything to the contrary contained in this Agreement, Seller shall be solely responsible for any and all amounts payable under the Company Plans set forth on Schedule 3.12(c) of the Seller Disclosure Letter to any director, officer, employee or independent contractor of the Acquired Companies as a result of the consummation of the proposed transactions, whether arising before, on or after the Closing Date.

5.7 Directors' and Officers' Indemnification and Insurance.

(a) The Company shall cause each of the Acquired Companies to continue all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions that have occurred or will occur at or prior to the Closing now existing in favor of the current or former directors and officers of any of the Acquired Companies as provided in the Organizational Documents of the Acquired Companies or any contract between any of such directors or officers and any Acquired Company, in each case, as in effect on the date hereof.

(b) In the event that any of the Acquired Companies or any of their respective successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties or other assets to any Person, then, and in each such case, the Company shall cause proper provision to be made, to the extent required, so that the successors and assigns of any Acquired Company shall expressly assume the obligations set forth in this Section 5.7.

(c) The provisions of this Section 5.7 are intended to be for the benefit of, and will be enforceable by, each Indemnified Party and his or her heirs and Representatives, and are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Person may have by contract or otherwise.

5.8 Termination of Affiliate Contracts; Intercompany Indebtedness.

(a) Except as set forth in Schedule 5.8(a) of the Seller Disclosure Schedules and except as agreed to in writing by Seller and Purchaser, Seller and its Affiliates shall take such action as may be necessary to terminate all Affiliate Contracts, including any agreements or understandings (written or oral) with respect thereto, prior to, or simultaneously with, the Closing, without any continuing Liability to or obligation of Purchaser or the Acquired Companies after the Closing. Notwithstanding the foregoing, other than as set forth in Section 5.22, in the absence of a written agreement, the provision of any services by Seller to any Acquired Company from and after the Closing, which services may be provided by Seller in its sole discretion, shall be for the convenience, and at the expense, of Purchaser, upon mutually agreed terms.

(b) Immediately prior to the Closing, Seller shall cause the Acquired Companies to pay in immediately available funds such amounts to, or as directed by, the Subsidiaries of Parent to which such amounts are owed to repay all of the Intercompany Indebtedness, including the Intercompany Indebtedness set forth on Schedule 5.8(b) of the Seller Disclosure Schedules, outstanding at the Closing, if any, and Seller shall discharge, or cause the Subsidiaries of Parent to which such amounts are owed to discharge, Liens related to such Intercompany Indebtedness, if any, with evidence reasonably acceptable to Purchaser, without any continuing Liability to or obligation of Purchaser or the Acquired Companies after the Closing.

#### 5.9 Use of Certain Names.

(a) As soon as reasonably practicable, but in any event within forty (40) days following the Closing, Purchaser shall, and shall cause each Acquired Company to, cease using as trademarks or source identifiers of Purchaser's business all trademarks, trade names, logos and symbols or other indicia of origin owned by Seller or the Non-Company Affiliates, including those set forth in Schedule 5.9(a) of the Seller Disclosure Schedules (collectively, the "Seller Marks"), including eliminating the Seller Marks from the Real Property and the material assets of the Project Companies, and disposing of any unused stationery and literature of the Acquired Companies bearing the Seller Marks. Purchaser acknowledges and Seller represents that, as between the Parties, the Seller Marks are owned exclusively by Seller or the Non-Company Affiliates, and, except to the extent expressly permitted by this Section 5.9(a), from and after the Closing, Purchaser shall not, and shall cause each Acquired Company and their Affiliates not to, use the Seller Marks that have not been expressly conveyed to Purchaser or an Acquired Company, and Purchaser acknowledges that it, its Affiliates and the Acquired Companies have no rights whatsoever to use the Seller Marks. Without limiting the foregoing:

(i) within thirty (30) days after the Closing Date, Purchaser shall cause each Acquired Company whose name contains any of the Seller Marks to make all filings required by the Governmental Entities to change its name to a name that does not contain any of the Seller Marks and to amend all of the organizational documents of such

Acquired Company to eliminate such Seller Marks from the name of such Acquired Company; and

(ii) within forty (40) days after the Closing Date, Purchaser shall provide evidence to Seller in a format that is reasonably acceptable to Seller that Purchaser has made all filings required by the Governmental Entities pursuant to subsection (a)(i) above and has provided notice to all applicable Governmental Entities and all counterparties to the Company Material Contracts regarding the sale of the Acquired Companies and the new address for notice purposes.

(b) In connection with any use of the Seller Marks by Purchaser or the Acquired Companies to the extent expressly permitted pursuant to this Section 5.9, Purchaser shall and shall cause each Acquired Company to comply with, in all respects, all of Seller's and the Non-Company Affiliates' quality control requirements, policies and guidelines in effect at such time that have been provided to Purchaser or any Acquired Company as of the Closing.

5.10 Notification of Certain Matters. Seller and the Company, on the one hand, and Purchaser, on the other hand, shall promptly notify each other of the occurrence or non-occurrence of any fact or event which would be reasonably likely to cause any condition set forth in Article VI not to be satisfied; provided that no such notification, nor the obligation to make such notification, shall affect the representations, warranties or covenants, or the conditions to the obligations of, the applicable party.

5.11 Financing.

(a) Notwithstanding anything contained in this Agreement to the contrary, Purchaser expressly acknowledges and agrees that Purchaser's obligations hereunder are not conditioned in any manner whatsoever upon Purchaser obtaining any financing, and any failure to fulfill any obligation hereunder arising from the failure of Purchaser to obtain financing or the unavailability of such financing shall be deemed to be intentional for purposes hereof. Purchaser shall keep Seller reasonably apprised of all developments or changes relating to the Financing Arrangements and the financing contemplated thereby. In the event that the Financing Arrangements shall cease to be in full force and effect at any time or the lenders party thereto shall indicate any unwillingness to provide the financing contemplated thereby, or for any reason Purchaser otherwise no longer believes in good faith that it will be able to obtain the financing contemplated thereby, then Purchaser shall promptly notify Seller and use reasonable best efforts to obtain replacement financing arrangements or commitment letters as soon as reasonably practicable.

(b) Prior to the Closing, Seller shall, and shall cause the Acquired Companies and their respective Representatives to, provide all cooperation reasonably requested by Purchaser in connection with the financing contemplated by the Financing Arrangements and

to use their respective commercially reasonable efforts (i) to cause appropriate officers and employees of the Acquired Companies to be available on a customary basis to meet with prospective lenders, financing sources, ratings agencies and investors in presentations, meetings, and due diligence sessions, (ii) to assist with the preparation of disclosure documents, bank information memoranda, rating agency presentations, projections and similar documents in connection therewith, (iii) to furnish Purchaser and its financing sources with financial statements and financial and other pertinent information regarding the Company and its Subsidiaries as may be reasonably requested by Purchaser to consummate the financing contemplated by the Financing Arrangements, (iv) to execute and deliver any definitive financing documentation, security documents, hedging arrangements, customary certificates, legal opinions or other documents as may be reasonably requested by Purchaser in connection with the Financing Arrangements, in each case which will become effective only on or after the Closing, (v) to take such reasonable actions as may be required to facilitate the pledge of collateral to secure the Financing Arrangements (including cooperation in connection with the payoff of existing Indebtedness, if any such pay-off will be effectuated, and the release of Liens related thereto), (vi) to obtain all waivers, consents and approvals from other parties to Contracts and Liens to which any of the Acquired Companies is a party or by which any of them or their assets or properties is bound or subject, (vii) to provide all documentation and other information required by bank regulatory authorities under applicable "know-your-customer" and anti-money laundering rules and regulations, and (viii) to take all other actions necessary to permit the consummation of the Financing Arrangements; provided that, such requested cooperation does not unreasonably interfere with the ongoing operations of the Acquired Companies.

5.12 Restructuring Transactions. Seller shall cause the Company to consummate the Restructuring Transactions, if any, prior to the Closing; provided that, all documentation effectuating the Restructuring Transactions shall be in form and substance reasonably satisfactory to Purchaser.

5.13 Tax Matters.

(a) Transfer Taxes. All Transfer Taxes, if any, arising out of or in connection with the transactions contemplated by this Agreement shall be shared one-half by Seller and one-half by Purchaser. All necessary documentation and Tax Returns with respect to such Transfer Taxes shall be prepared and filed by the party required under applicable Law to file such Tax Returns. If required by applicable Law, Seller and Purchaser shall, and shall cause their respective Affiliates to, cooperate in preparing and filing, and, if required by applicable Law, join in the execution of, any such Tax Returns.

(b) Tax Returns. Except as otherwise provided in Section 5.13(a):



(i) Seller shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns that are required to be filed by any Acquired Company on or prior to the Closing Date. With respect to any Tax Return of the Acquired Companies for a Pre-Closing Tax Period that is due after the Closing Date, Seller shall prepare such Tax Return in a manner consistent with past practice (unless otherwise required by applicable Law) and shall provide Purchaser a copy of such Tax Return no later than fifteen (15) days prior to the due date for the filing of such Tax Return (including extensions), and Purchaser shall execute and file (or cause to be executed and filed) such Tax Return as prepared by Seller. Seller shall pay to the Company no later than three (3) days prior to the due date for the filing of such Tax Return, any amount due and payable on such Tax Return.

(ii) Purchaser shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns that are required to be filed by any Acquired Company for a Straddle Period. Purchaser shall timely remit, or cause to be timely remitted, all Taxes due in respect of such Tax Returns. All such Tax Returns shall be prepared in a manner consistent with past practice, unless otherwise required by applicable Law. Not later than forty-five (45) days prior to the due date for filing of each such Tax Return (including extensions), Purchaser shall provide Seller with a draft copy of such Tax Return for review and comment. If Seller objects to any item on any such Tax Return, it shall, within ten (10) days after delivery of such Tax Return, notify Purchaser in writing that it so objects, specifying with particularity any such item and stating the specific factual or legal basis for any such objection. If a notice of objection shall be so delivered, Purchaser and Seller shall negotiate in good faith and use their commercially reasonable efforts to resolve such items. If Purchaser and Seller are unable to reach such agreement within ten (10) days after receipt by Purchaser of such notice, the disputed items shall be resolved by the Independent Accountants and any determination by the Independent Accountants shall be final, binding and conclusive on the Parties. The Independent Accountants shall resolve any disputed items within twenty (20) days of having the item referred to it pursuant to such procedures as it may require. The costs, fees and expenses of the Independent Accountants shall be borne equally by Purchaser and Seller. For the avoidance of doubt, the preparation and filing of any Tax Return of the Acquired Companies that does not relate to the Pre-Closing Tax Period or the Straddle Period shall be exclusively within the control of Purchaser. Seller shall pay or cause to be paid to the Company, no later than one (1) day prior to the due date for the filing of such Tax Return, the portion of any amount due and payable on such Tax Return that is apportioned to the period deemed to end at the close of the Closing Date (as determined under Section 5.13(c)).

(iii) Purchaser shall not amend, refile or otherwise modify, or cause or permit to be amended, refiled or otherwise modified, any Tax Return filed by any Acquired Company for any Pre-Closing Tax Period. With respect to any Tax Return of an

Acquired Company for a Straddle Period, Purchaser shall be allowed to amend, refile or otherwise modify, or cause or permit to be amended, refilled or otherwise modified any such Tax Return; provided, however, that to the extent any such amendment or modification could reasonably be expected to increase the tax liability of Seller for a Pre-Closing Tax Period or the pre-Closing portion of any Straddle Period, Purchaser shall provide Seller with a draft copy of each such amended Tax Return for review and comment not later than forty-five (45) days prior to the filing thereof. If Seller objects to any item on any such Tax Return that relates to the portion of the Straddle Period deemed to end at the close of the Closing Date ("Pre-Closing Tax Period Items"), it shall, within fifteen (15) days after delivery of such amended Tax Return, notify Purchaser in writing that it so objects, specifying with particularity any such item and stating the specific factual or legal basis for any such objection. If a notice of objection shall be so delivered, Purchaser and Seller shall negotiate in good faith and use their commercially reasonable efforts to resolve such items. If Purchaser and Seller are unable to reach such agreement within ten (10) days after receipt by Purchaser of such notice, the disputed items shall be resolved by the Independent Accountants and any determination by the Independent Accountants shall be final, binding and conclusive on the Parties. The Independent Accountants shall resolve any disputed items within twenty (20) days of having the item referred to it pursuant to such procedures as it may require. The costs, fees and expenses of the Independent Accountants shall be borne equally by Purchaser and Seller.

(c) Straddle Period Tax Liabilities. Where it is necessary for purposes of this Agreement to apportion between Seller and Purchaser the Taxes of or with respect to any Acquired Company for any Straddle Period, such liability shall be apportioned between the period deemed to end at the close of the Closing Date and the period deemed to begin at the beginning of the day following the Closing Date on the basis of an interim closing of the books, except that Taxes (such as real or personal property Taxes, but, for the avoidance of doubt, not income, sales and use, or withholding Taxes) imposed on a periodic basis shall be allocated on a daily basis.

(d) Cooperation on Certain Tax Matters. From and after the Closing, Purchaser, Seller and each of their Affiliates shall furnish or cause to be furnished to each other or to the Acquired Companies, upon request, as promptly as reasonably practicable, such information (including access to books and records relating to Taxes, but only to the extent such books and records are solely and directly related to the Acquired Companies) and assistance relating to the Acquired Companies as is reasonably necessary for (i) the preparation and filing of any Tax Return, amended Tax Return or claim for refund, (ii) the preparation for any audit, examination or other action or proceeding with respect to Taxes and for the prosecution or defense of any action relating to any proposed adjustment or (iii) determining a Liability for Taxes. Such cooperation and information shall include providing copies of all relevant portions of relevant Tax Returns, together with all relevant portions of relevant accompanying schedules, relevant documents relating to rulings

or other determinations by Taxing Authorities and relevant records concerning the ownership and tax basis of property and other relevant information, which any such Party or its Affiliates may possess. From and after the Closing, Purchaser agrees to retain or cause to be retained all books and records held by it or any of its Affiliates (including the Acquired Companies) relating to Taxes of the Acquired Companies for a Pre-Closing Tax Period or Straddle Period for at least seven (7) years after the Closing Date, and to abide by or cause the abidance with all record retention agreements entered into with any Taxing Authority. From and after the Closing, Purchaser agrees to notify Seller at least sixty (60) days before Purchaser or any of its Affiliates transfers, discards or destroys any such books and records after the period set forth in the preceding sentence and, if Seller notifies Purchaser in writing within such sixty-day (60-day) period that it intends to take possession of such books and records, Purchaser and its Affiliates shall allow Seller and any of Seller's Representatives to take possession of such books and records and shall not transfer, discard or destroy such books and records unless Seller notifies Purchaser in writing that it no longer intends to take possession thereof. Purchaser and Seller shall reasonably cooperate with each other in the conduct of any audit, filing of Tax Returns or other proceedings involving any Acquired Company for any Tax purposes and each shall execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Section 5.13.

(e) Audits.

(i) Purchaser shall notify Seller regarding, and within ten (10) Business Days after, the receipt by Purchaser or any of its Affiliates (including the Acquired Companies) of notice of any inquiries, claims, assessments, audits or similar events with respect to Taxes of or with respect to any Acquired Company (any such inquiry, claim, assessment, audit or similar event, a "Tax Matter") to the extent relating to any Pre-Closing Tax Period or the pre-Closing portion of any Straddle Period (as determined under Section 5.13(c)). Seller at its sole expense, shall have the right to control the resolution of any such Tax Matter that relates solely to a Pre-Closing Tax Period; provided that, with respect to any such Tax Matter that could reasonably be expected to adversely affect the Tax liability of Purchaser or any Acquired Company for any Post-Closing Tax Period, including the portion of the Straddle Period that is after the Closing Date, (A) Seller shall defend or prosecute such Tax Matter in good faith, (B) neither Seller nor any of its Affiliates shall enter into any settlement of or otherwise compromise any such Tax Matter without the prior written consent of Purchaser, which consent shall not be unreasonably withheld, conditioned or delayed, (C) Seller shall promptly inform Purchaser of all developments and events relating to such Tax Matter (including promptly responding to questions and information requests and promptly providing Purchaser with copies of relevant correspondence to or from any Taxing Authorities relating to such Tax Matter), (D) Purchaser or its authorized representatives shall be entitled, at Purchaser's expense, to attend, observe and participate in all conferences, meetings and proceedings relating to such Tax Matter, and (E) Seller

shall, take into account all comments received from Seller with respect to the defense and prosecution of such Tax Matter .

(ii) Purchaser shall control the resolution of any Tax Matter that is not controlled by Seller in accordance with Section 5.13(e)(i) (including any Tax Matter that would otherwise be controlled by Seller in accordance with Section 5.13(e)(i) but with respect to which Seller notifies Purchaser in writing that it is electing not to control); provided, however, that in the case of any Tax Matter with respect to which Seller could reasonably be expected to have liability under this Agreement, (A) Purchaser shall defend or prosecute such Tax Matter in good faith, (B) Purchaser shall not, and shall cause the Acquired Companies not to, enter into any compromise or settlement of any such Tax Matter without the prior written consent of Seller, which consent shall not be unreasonably withheld, conditioned or delayed, (C) Purchaser shall promptly inform Seller of all developments and events relating to such Tax Matter (including promptly responding to questions and information requests and promptly providing Seller with copies of relevant correspondence to or from any Taxing Authorities relating to such Tax Matter), (D) Seller or its authorized representatives shall be entitled, at Seller's expense, to attend, observe and participate in all conferences, meetings and proceedings relating to such Tax Matter, and (E) Purchaser shall take into account all comments received from Purchaser with respect to the defense and prosecution of such Tax Matter.

(f) Carrybacks. Following the Closing Date, Purchaser shall, and shall cause the Acquired Companies to, waive the right to carryback to any Pre-Closing Tax Period, any income Tax losses, credits or similar items attributable to any Acquired Company.

(g) Tax Refunds. Upon receipt, Purchaser shall promptly pay to Seller the amount of any refund, rebate, abatement, reduction or other recovery (whether direct or indirect through a right of set-off or credit) of Taxes of or with respect to any Acquired Company (net of reasonable fees or expenses incurred by Purchaser or the Company or any of its Subsidiaries in obtaining such refund), and any interest received thereon, with respect to any Pre-Closing Tax Period or the pre-Closing portion of any Straddle Period (as determined under Section 5.13(c)) that does not relate to deductions or credits arising with respect to amounts funded by Purchaser. Notwithstanding anything else in this Section 5.13 to the contrary, Purchaser shall not be obligated to pay any such refund under this Section 5.13 to the extent that any such refund results from the carrying back of any net operating loss or other Tax attribute or Tax credit incurred in a taxable period beginning after the Closing Date (including the portion of any Straddle Period beginning after the Closing Date). To the extent a refund against Taxes that gave rise to a payment hereunder is subsequently disallowed or otherwise reduced, Seller shall pay to Purchaser the amount of such disallowed or reduced refund against Taxes (net of reasonable fees or expenses incurred).

(h) Section 338(g) Election. If, and only if, requested by Seller, Purchaser shall timely make an election under Section 338(g) of the Code (and any comparable election under state or local Tax Law) (a "Section 338(g) Election") with respect to each Acquired Company for which Seller makes such a request. The Parties will cooperate to prepare and timely file, or cause to be prepared and timely filed, the IRS forms required to be filed in connection with any Section 338(g) Election requested pursuant to this Section 5.13(h), including any IRS Forms 8023 and Form 8883 (collectively, the "Section 338(g) Forms"), and Purchaser will provide Seller with final copies of any such Section 338(g) Forms filed by Purchaser and other documentation confirming their filing not later than fifteen (15) days after such forms are filed. Seller shall prepare an initial draft of any Form 8883 to be filed in connection with a Section 338(g) Election requested pursuant to this Section 5.13(h) and shall provide Purchaser with a draft copy of such IRS Form 8883 for review and comment not later than thirty (30) days prior to the due date for filing of such IRS Form 8883. Seller shall consider, in good faith, including in the IRS Form 8883 filed all reasonable comments provided by Purchaser with respect to any such draft copy not later than five (5) days prior to such due date. If any Section 338(g) Election is requested by Seller pursuant to this Section 5.13(h) (i) at least five (5) days prior to Closing, Purchaser shall provide Seller with written notice of such Section 338(g) Election and an executed copy of the applicable IRS Form 8023, its attachments and instructions in accordance with the requirements of Treasury Regulations § 1.338-2(e)(4) (any documents so provided, collectively, the "Section 338(g) Notice Documents") at the Closing and (ii) after the Closing, Purchaser shall provide Seller with the Section 338(g) Notice Documents not later than fifteen (15) days after the applicable Form 8023 is filed. Purchaser shall, and shall cause its Affiliates (including the Acquired Companies) to not file any U.S. Tax Returns in a manner that is inconsistent with any Section 338(g) election made pursuant to this Section 5.13(h) and any Section 338(g) Forms, and shall take no position contrary thereto for U.S. Tax purposes.

(i) Additional Tax Elections. Seller shall be entitled in its sole discretion, at any time prior to the Closing, to elect under Treasury Regulations section 301.7701-3(c) to treat as a disregarded entity for U.S. federal Tax purposes any Acquired Company that is currently treated as a corporation for U.S. federal Tax purposes.

#### 5.14 Insurance Policies.

(a) Effective at the Closing, all self-insurance arrangements shall terminate with respect to the Acquired Companies without any further action or liability on the part of the parties thereto.

(b) From and after the Closing, Purchaser shall be solely responsible for providing insurance to the Acquired Companies for any event or occurrence after the Closing. Notwithstanding the foregoing, Seller shall keep, or cause the Acquired Companies to keep, all material insurance policies currently maintained with respect to the Acquired Companies and their

respective assets and properties, or suitable replacements or renewals, in full force and effect through the Closing.

5.15 Competing Transactions. Prior to the Closing, Purchaser shall not, and shall not permit any of its Affiliates to, directly or indirectly, acquire or agree to acquire, whether by merger, consolidation, purchasing a substantial portion of the assets of or equity in or by any other manner, any assets, business or any Person, including any electric generation assets or business, as well as any assets or businesses in the truck transmission sector, if the entering into of a definitive agreement relating to, or the consummation of such acquisition, merger, consolidation or purchase could reasonably be expected to (a) impose any substantial delay in the expiration or termination of any applicable waiting period or impose any substantial delay in obtaining of, or substantially increase the risk of not obtaining, any authorizations, consents, orders, declarations or approvals of any Governmental Entity necessary to consummate the transactions contemplated by this Agreement, (b) substantially increase the risk of any Governmental Entity entering an order prohibiting such transactions, (c) substantially increase the risk of not being able to remove any such order prohibiting such transactions on appeal or otherwise or (d) substantially delay or impede the consummation of the Transaction.

5.16 Paranapanema Tender Offer. Purchaser shall carry out a tag-along tender offer (*Oferta Pública de Aquisição de Ações por Alienação de Controle*) for the acquisition of the shares of Duke Energy International, Geração Paranapanema S.A. ("Duke Paranapanema"), which are not part of the control block, pursuant to article 254-A of Law No. 6,404/76 (Brazilian Corporations Law) and article 5, III, of Duke Paranapanema's bylaws, provided that the tender offer registration request shall be filed with the Brazilian securities commission (CVM – Comissão de Valores Mobiliários) no later than thirty (30) days after the Closing Date, pursuant to article 29 of CVM's Instruction No. 361/2002.

5.17 Paranapanema SPA; Auction Notice; Paranapanema Concession Agreement. Purchaser shall undertake to comply with all obligations arising from the share purchase and sale agreement of Companhia de Energia Elétrica Paranapanema entered into on August 5, 1999 (the "Paranapanema SPA"), the auction notice (*Editais*) No. SF/001/99 (the "Auction Notice") and the concession agreement entered into on September 21, 1999, pursuant to the terms of article 32 of Duke Paranapanema's bylaws (the "Paranapanema Concession Agreement") until the termination of the Paranapanema Concession Agreement. From the Closing until the second anniversary of the Closing Date, Seller shall, and shall cause its employees who are employees of Seller or any of its Affiliates as of the date of such request to, provide all cooperation reasonably requested by Purchaser and its Affiliates in connection with Purchaser's obligations set forth in this Section 5.17, including, without limitation, by causing appropriate officers and employees of Seller and its Affiliates and their respective Representatives to be reasonably available to meet with Governmental Entities and to provide reasonably available information related to the Paranapanema SPA and the Paranapanema

Concession Agreement, including any and all reasonably available information with respect to any Actions related to the Paranapanema SPA and the Paranapanema Concession Agreement.

5.18 Casualty. If any asset or property of the Acquired Companies is damaged or destroyed by fire or other casualty event, occurrence or circumstance after the date hereof but prior to the Closing (a "Casualty Loss"), and if the sum of (x) the estimated cost of repairing, replacing or restoring such damaged or destroyed asset or property to a condition reasonably comparable to its condition prior to such Casualty Loss plus (y) the amount of lost profits associated with such Casualty Loss to the extent that such lost profits are reasonably expected to accrue after the Closing as a result of such damage or destruction to such asset or property, each as estimated by a qualified firm reasonably acceptable to Purchaser and Seller (the "Damage Cost"):

(a) is less than one-half percent (0.5%) of the Purchase Price, then (i) such Casualty Loss shall not be taken into account for purposes of determining whether the conditions set forth in Article VI of this Agreement have been satisfied, and (ii) Purchaser shall be entitled to receive all casualty insurance proceeds, and which proceeds shall be excluded from the calculation of Net Working Capital;

(b) is greater than one-half percent (0.5%) of the Purchase Price but equal to or less than ten percent (10%) of the Purchase Price, then at Seller's option, (i) the Purchase Price shall be reduced by the amount of the Damage Cost and such Casualty Loss shall not affect the Closing, or (ii) Seller shall repair or restore the assets or properties subject to such Casualty Loss to a condition reasonably comparable to their prior condition prior to Closing, and Seller shall be entitled to receive all casualty insurance proceeds in connection with such Casualty Loss. If for whatever reason the repair under subpart (ii) of the immediately preceding sentence is not completed prior to the Closing Date and all conditions set forth in Article VI have been satisfied or waived (other than those conditions that, by their terms, cannot be satisfied until the Closing) and the Parties are otherwise ready to close, at Purchaser's option, (x) the Closing shall occur and the Purchase Price payable by Purchaser at Closing shall be reduced by the amount of the Damage Cost, less any verified amounts expended by Seller or any Non-Company Affiliate in connection with the repair or restoration actually completed by Seller on the assets or properties subject to Casualty Loss prior to Closing, and (y) the Closing Date shall be postponed for the amount of time reasonably necessary to complete such restoration or repair not to exceed ninety (90) days; or

(c) is greater than ten percent (10%) of the Purchase Price, then either Seller or Purchaser may elect to terminate this Agreement in accordance with Article VII of this Agreement.

5.19 Cooperation Regarding Certain Matters. As soon as practicable following the date hereof, Seller shall cause the Company to make available for review case files for the matter described on Schedule 5.19(a) of the Seller Disclosure Schedules.

5.20 GSF Matter. In the event that a full and complete release of the Acquired Companies of all Liabilities relating to the GSF Matter (the "GSF Settlement Agreement") in consultation with and to the satisfaction of Purchaser, is not entered into prior to Closing, Purchaser and the Acquired Companies shall, after the Closing, have the right to control the prosecution, defense, compromise, settlement or disposal of the GSF Matter. Seller shall provide commercially reasonable cooperation to Purchaser and the Acquired Companies, at Purchaser's request and direction, in connection with Purchaser's and the Acquired Companies' prosecution, defense, compromise, settlement and disposal of the GSF Matter after the Closing, including by timely providing any information relating to the GSF Matter. In the event that, after Closing, the GSF Matter is resolved (by settlement, order or otherwise) for an amount below the GSF Reserve Amount, then Purchaser shall notify Seller within five Business Days thereof and promptly (but in any event no later than fifteen (15) Business Days) remit an amount in cash to Seller equal to fifty percent (50%) of the amount by which the GSF Reserve Amount exceeds the amount of such resolution.

5.21 Further Assurances. Each of Seller, the Company and Purchaser agrees that, from time to time before and after the Closing Date, they will execute and deliver, and Seller shall cause the Acquired Companies (prior to Closing) and Purchaser shall cause the Acquired Companies (after the Closing) to execute and deliver, such further instruments, and take, or cause their respective Affiliates to take, such other action, as may be reasonably necessary to carry out the purposes and intents of this Agreement. Purchaser, the Company and Seller agree to use reasonable best efforts to refrain from taking any action which could reasonably be expected to materially delay the consummation of the Transaction.

#### 5.22 Transition Services

(a) From and after the date hereof, Seller shall provide or cause to be provided to Purchaser or the Acquired Companies until expiration of the three-month transition period immediately following the Closing Date transition services that are described on Annex A. Purchaser may request an extension in writing (providing reasonable detail) not later than fifteen (15) Business Days before the end of such transition period. Purchaser shall provide or cause to be provided to Seller or its Non-Company Affiliates for the three-month period immediately following the Closing Date transition services that are described on Annex B which are requested in writing (providing reasonable detail) by Seller not later than fifteen (15) Business Days before the Closing



Date. The services referred to in this Section 5.22(a) are herein referred to as the “Transition Services,” the recipient of such services as the “Services Recipient” and the provider of such services as the “Services Provider.”

(b) Services Provider shall, and shall cause its Affiliates to, perform any Transition Services provided hereunder in substantially the same quality and manner as the same or comparable services were provided during the three (3)-month period preceding the Closing, all during normal business hours and without interfering with the responsibilities of any applicable employee to his or her employees; provided, however, that notwithstanding anything to the contrary in this Agreement, (A) Services Provider and its Affiliates shall not have any liability to Services Recipient or its Affiliates for any acts or omissions of Services Provider or its Affiliates in connection with this Section 5.22 and the Transition Services, (B) Services Recipient shall indemnify and hold harmless Services Provider and its Affiliates from and against any and all Losses relating to the Transition Services except to the extent such Losses were caused by the gross negligence or willful misconduct of Services Provider or its Affiliates, (C) Services Provider shall not be obligated to retain any employees to provide the Transition Services, and (D) the exclusive remedy of Services Recipient and its Affiliates against Services Provider or its Affiliates for breach of this Section 5.22 or otherwise relating to the Transition Services shall be limited to termination (effective upon ten (10) days prior written notice) of the affected Transition Service and, in the case of Services Provider’s or its Affiliates’ gross negligence or willful misconduct, monetary damages (but in no event exceeding the amount paid to Services Provider for such Transition Services under Section 5.22(c)).

(c) Services Recipient, upon not less than ten (10) days written notice to Service Provider, at any time and from time to time may, as of the date set forth in such notice (which may not precede the end of such ten (10)-day period without Service Provider’s approval), reduce or terminate its right to receive (and Service Provider’s associated obligations to provide or cause the provision of) any or all of the applicable Transition Services. Services Recipient shall reimburse Service Provider for the reasonable hourly salary and out-of-pocket expenses actually incurred by or on behalf of Service Provider or its Affiliates attributable to the provision of the Transition Services (such costs and expenses, the “Direct Costs”). No later than the fifteenth (15th) Business Day after the end of each calendar month during which Service Provider or its Affiliates provided Transition Services, beginning with the calendar month immediately following the Closing, Service Provider shall submit an invoice to Services Recipient for the Direct Costs incurred during such calendar month. If the Closing occurs on a day other than the last day of a month, the invoice for the first month shall be only for those Transition Services provided from such date until the end of the month in which the Closing took place. Services Recipient shall pay or cause to be paid each such invoice it receives within fifteen (15) days after its receipt.

### 5.23 Shareholder Agreement Consents

(a) Seller shall obtain, or shall cause its Affiliates to obtain, within ten (10) Business Days after the date hereof, any necessary consents or waivers under or pursuant to the agreements listed as Item 1 and as Item 2 in Schedule 3.5(d) of the Seller Disclosure Schedules (collectively, the “Shareholder Agreement Consents”), and shall provide evidence thereof to Purchaser, within such ten (10) Business Day period.

## ARTICLE VI

### CONDITIONS TO CLOSING

6.1 Conditions to Each Party’s Obligations to Effect the Closing. The respective obligations of each Party to effect the Closing shall be subject to the satisfaction or waiver (to the extent permitted by Law) by Purchaser and Seller, on or prior to the Closing Date, of each of the following conditions precedent:

(a) Statutory Approvals. (i) The Brazil Regulatory Approvals shall have been obtained and shall have become Final Orders, (ii) the PRC Regulatory Approvals shall have been obtained, and (iii) all other Required Statutory Approvals shall have been obtained and shall have become Final Orders.

(b) No Injunction. No temporary restraining order or preliminary or permanent injunction or other order by any court of competent jurisdiction or other Governmental Entity preventing consummation of the transactions contemplated by this Agreement shall have been issued and be continuing in effect, and the transactions contemplated by this Agreement shall not have been prohibited under any applicable Law or regulation; provided, however, that the Parties shall use reasonable best efforts to have any such order or injunction vacated or lifted.

(c) Restructuring Transactions. The Restructuring Transactions, if any, shall have been consummated in all material respects.

6.2 Conditions to the Obligations of Purchaser to Effect the Closing. The obligation of Purchaser to effect the Closing shall be further subject to the satisfaction or waiver by Purchaser, on or prior to the Closing Date, of each of the following conditions:

(a) Performance of Obligations of Seller and the Company. Seller and the Company shall have performed in all material respects all obligations contained in or contemplated by this Agreement which are required to be performed by Seller and the Company at or prior to the Closing (other than their respective obligations in Section 5.12, which are the subject of Section 6.1(c).

(b) Representations and Warranties. The representations and warranties of Seller and the Company set forth in this Agreement (other than the Fundamental Representations of Seller and the Company and the representation set forth in Section 3.7(b)) shall be true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (except for representations and warranties that expressly speak only as of a specific date or time which need only be true and correct as of such date or time), except for such failures of representations and warranties to be true and correct (without giving effect to any materiality qualification, Company Material Adverse Effect or Seller Material Adverse Effect standard contained in any such representations and warranties) which would not constitute a Company Material Adverse Effect. The Fundamental Representations of Seller and the Company and the representation and warranty set forth in Section 3.7(b) shall be true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date (except for representations and warranties that expressly speak only as of a specific date or time which need only be true and correct as of such date or time) (except, in the case of the representations contained in Section 2.5(b) (Company Capitalization; Right and Title to Shares) and Section 3.5 (Capitalization), for de minimis exceptions).

(c) Company Required Consents. The Company Required Consents set forth on Schedule 6.2(c) of the Seller Disclosure Schedules shall have been obtained.

(d) Officer's Certificate. Purchaser shall have received a certificate from an authorized officer of Seller, dated the Closing Date, to the effect that the conditions set forth in Sections 6.2(a) and 6.2(b) have been satisfied.

(e) No Material Adverse Effect. Since the date of this Agreement, no Company Material Adverse Effect shall have occurred and be continuing.

(f) Shareholder Agreement Consents Obtained. The Shareholder Agreement Consents shall have been obtained and evidence thereof shall have been provided to Purchaser within the time period prescribed in Section 5.22.

6.3 Conditions to the Obligations of Seller to Effect the Closing. The obligation of Seller to effect the Closing shall be subject to the satisfaction or waiver by Seller, on or prior to the Closing Date, of each of the following conditions:

(a) Performance of Obligations of Purchaser. Purchaser shall have performed in all material respects all obligations contained in or contemplated by this Agreement which are required to be performed by it at or prior to the Closing.

(b) Representations and Warranties. The representations and warranties of Purchaser set forth in this Agreement shall be true and correct on and as of the Closing Date with

the same effect as though such representations and warranties had been made on and as of the Closing Date (except for representations and warranties that expressly speak only as of a specific date or time which need only be true and correct as of such date or time) except for such failures of representations and warranties to be true and correct (without giving effect to any materiality qualification or standard contained in any such representations and warranties) which would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect.

(c) Officer's Certificate. Seller shall have received a certificate from an authorized officer of Purchaser, dated the Closing Date, to the effect that the conditions set forth in Sections 6.3(a) and 6.3(b) have been satisfied.

(d) Section 338(g) Notice Documents. Seller shall have received any Section 338(g) Notice Documents required to be delivered by Purchaser pursuant to Section 5.13(h).

(e) Brazilian Withholding Documentation. Seller shall have received the Brazilian Withholding Documentation required to be delivered by Purchaser pursuant to Section 1.8(b)(iii).

6.4 Frustration of Closing Conditions. No Party may rely on the failure of any condition set forth in this Article VI to be satisfied if such failure was caused by such Party's failure to act in accordance with this Agreement.

## ARTICLE VII

### TERMINATION

7.1 Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) by the mutual written agreement of Purchaser, the Company and Seller;

(b) by Purchaser or Seller, if (i) a statute, rule, regulation or executive order shall have been enacted, entered or promulgated prohibiting the consummation of the transactions contemplated hereby or (ii) an order, decree, ruling or injunction shall have been entered permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby, and such order, decree, ruling or injunction shall have become final and non-appealable and the party seeking to terminate this Agreement pursuant to this Section 7.1(b)(ii) shall have used reasonable best efforts to remove such order, decree, ruling or injunction;

(c) by Purchaser or Seller, by written notice, if the Closing Date shall not have occurred within six (6) months from the date hereof (the "Initial Termination Date"); provided, however, that the right to terminate the Agreement under this Section 7.1(c) shall not be available to any Party whose failure to fulfill any obligation under this Agreement shall have caused or resulted in the failure of the Closing Date to occur on or before such date; and provided, further, that if on the Initial Termination Date the conditions to the Closing set forth in Section 6.1(a) or Section 6.1(b) (in the case of Section 6.1(b), solely insofar as such order, injunction, Law or regulation relates to the Required Statutory Approvals) have not been fulfilled but all other conditions to the Closing (other than those conditions that, by their terms, cannot be satisfied until the Closing) have been fulfilled (or waived) or are capable of being fulfilled by such date that is ninety (90) days following the Initial Termination Date (the "Final Termination Date"), then no Party shall have the right to terminate this Agreement pursuant to this Section 7.1(c) prior to the Final Termination Date;

(d) by Purchaser, so long as Purchaser is not then in material breach of any of its representations, warranties, covenants or agreements hereunder, by written notice to Seller, if there shall have been a breach of any representation or warranty of Seller or the Company, or a breach of any covenant or agreement of Seller or the Company hereunder, which breach would result in a failure of a condition set forth in Section 6.2, and such breach shall not have been remedied within thirty (30) days after receipt by Seller and/or the Company of notice in writing from Purchaser, specifying the nature of such breach and requesting that it be remedied, or Purchaser shall not have received adequate assurance of a cure of such breach within such thirty-day (30-day) period;

(e) by Seller, so long as Seller or the Company is not then in material breach of any of their representations, warranties, covenants or agreements hereunder, by written notice to Purchaser, if there shall have been a breach of any representation or warranty, or a breach of any covenant or agreement of Purchaser hereunder, which breach would result in a failure of a condition set forth in Section 6.3, and such breach shall not have been remedied within thirty (30) days after receipt by Purchaser of notice in writing from Seller, specifying the nature of such breach and requesting that it be remedied or Seller shall not have received adequate assurance of a cure of such breach within such thirty-day (30-day) period;

(f) by Seller or Purchaser pursuant to Section 5.18;

(g) by Seller, on or after March 1, 2017, if (i) the condition contained in Section 6.1(a)(ii) shall not have been satisfied by December 31, 2016 and (ii) on the date of termination, all other conditions contained in Article VI, including the condition contained in Section 6.1(a)(i), shall have been satisfied or waived (other than (x) the condition contained in Section 6.1(b) (due solely to an order, injunction, Law or regulation by any Governmental Entity in the PRC) and (y) those conditions that by their nature are to be satisfied at the Closing but which conditions would be satisfied or would be capable of being satisfied if the Closing Date were on the date of

such termination, or those conditions that have not been satisfied as a result of a breach by Purchaser); or

(h) . by Purchaser, if a copy of each of the Shareholder Agreement Consents has not been delivered to Purchaser within the time period prescribed in Section 5.22.

**7.2 Effect of Termination.** No termination of this Agreement pursuant to Section 7.1 shall be effective until notice thereof is given to the non-terminating Parties specifying the provision hereof pursuant to which such termination is made. If validly terminated pursuant to Section 7.1, this Agreement shall become wholly void and of no further force and effect without liability to any Party or to any Affiliate, or their respective members or shareholders, directors, officers, employees, agents, advisors or Representatives, and following such termination no Party shall have any liability under this Agreement or relating to the transactions contemplated by this Agreement to any other Party; provided that, (i) this Section 7.2 and Section 5.4(d) (insofar as it relates to information of Purchaser) of this Agreement shall survive termination hereof, (ii) no such termination shall relieve any Party from any liability for Willful Breach by such Party prior to the termination of this Agreement of any representation, warranty, covenant or agreement of such Party under this Agreement, and (iii) no such termination shall relieve Purchaser of its obligation to pay the Purchaser Termination Fee, if, as and when required pursuant to Section 7.3 (which Section 7.3 shall survive any such termination). In the event of the termination of this Agreement as provided in Section 7.1, Purchaser shall redeliver to Seller or the Company, as the case may be, and will cause its agents to redeliver to Seller or the Company, as the case may be, all documents, workpapers and other materials of Seller and the Acquired Companies, relating to any of them and the transactions contemplated hereby, whether obtained before or after the execution hereof, and Purchaser shall comply with all of its obligations under the Confidentiality Agreement.

**7.3 Purchaser Termination Fee.**

(a) The Parties agree that if this Agreement is terminated:

(i) by Seller or Purchaser pursuant to Section 7.1(b) due to a statute, rule, regulation, executive order, order, decree, ruling or injunction by any Governmental Entity in the PRC; or

(ii) by Seller pursuant to Section 7.1(g).

then Purchaser shall, within five (5) Business Days following any such termination, pay (or cause to be paid) by wire transfer of immediately available funds to an account designated in writing by Seller a termination fee equal to \$48,478,988 (the "Purchaser Termination Fee").

(b) For the avoidance of doubt, in no event shall Purchaser be obligated to pay the Purchaser Termination Fee on more than one (1) occasion. Payment of the Purchaser Termination Fee is not a penalty and shall constitute liquidated damages as a reasonable amount

that will compensate Seller in the circumstances upon which the Purchaser Termination Fee is payable for the efforts and resources expended and opportunity foregone with respect to the consummation of the transactions contemplated hereby which would otherwise be impossible to calculate with precision and, except as provided in clauses (i) and (ii) of the proviso of Section 7.2, from and after such termination as described in Section 7.3(a), Purchaser shall have no further liability or obligations of any kind in connection with this Agreement or the termination contemplated hereby other than as provided under this Section 7.3.

(c) Purchaser acknowledges that the agreement contained in this Section 7.3 is an integral part of this Agreement and that, without this Section 7.3, Seller would not have entered into this Agreement. Accordingly, if Purchaser fails to promptly pay any amount due pursuant to this Section 7.3, Purchaser shall pay to Seller all reasonable fees, costs and expenses of enforcement (including reasonable attorney's fees as well as reasonable expenses incurred in connection with any action initiated by Seller), together with interest on the amount of the Purchaser Termination Fee at the prime lending rate as published in The Wall Street Journal, in effect on the date such payment is required to be made.

## ARTICLE VIII

### INDEMNIFICATION

8.1 Survival of Representations, Warranties and Covenants. The representations, warranties, covenants and agreements of the Parties hereto contained in this Agreement at the Closing shall survive the Closing for twelve (12) months after the Closing; provided that, notwithstanding anything to the contrary contained herein, (A)(i) the representations and warranties set forth in Section 2.1 (Organization and Qualification), Section 2.2 (Authority), Section 2.5 (Company Capitalization; Right and Title to Shares); (ii) Section 3.1 (Organization and Qualification), Section 3.2 (Authority) and Section 3.5 (Capitalization), (the items in clauses (i) and (ii), collectively, the "Fundamental Representations"); and (iii) the representations and warranties of Purchaser set forth in Section 4.1 (Organization and Qualification) and Section 4.2 (Authority), shall survive the Closing for five (5) years; (B) the covenants and agreements in this Agreement under which performance extends beyond the Closing Date shall survive until the date that is ninety (90) days after the last day a Party is required to take action or refrain from taking action in accordance therewith; and (C) the interim covenants contained in Section 5.1(a) shall survive until the date that is ninety (90) days after the Closing. Notwithstanding anything to the contrary contained herein, representations and warranties set forth in Section 3.9 (Tax Matters) and the covenants and agreements set forth in Section 5.13 (Tax Matters) (collectively, such representations and covenants, together with the agreements and covenants set forth in Section 1.8(b) (Withholding Rights), the "Tax Reps and Covenants") shall survive the Closing until sixty (60) days following the expiration of the applicable statute of limitations. Notwithstanding the foregoing,

any claim made within the applicable time period set forth in the foregoing sentences with reasonable specificity by the Party seeking to be indemnified (or if reasonable specificity is not possible, setting forth information known at such time with respect to such claim) shall survive until such claim is finally resolved. The Parties expressly agree that the provisions of this Section 8.1 shall operate as a contractual statute of limitations.

8.2 Indemnification by Seller. Subject to Section 8.4, from and after the Closing Date, Seller shall indemnify and hold harmless Purchaser and its Affiliates (including, after the Closing Date, the Company) and their respective directors, officers, employees, successors and assigns (each, a "Purchaser Indemnified Party") from and against all Losses actually imposed on or suffered or incurred by them, in connection with, arising out of or resulting from (a) a failure of any representation or warranty made by Seller or the Company in this Agreement to be true and correct on and as of the Closing Date (and, except with respect to Section 3.6 and Section 3.7(b)) in each case disregarding, for all purposes of this Article VIII, any "material," "Company Material Adverse Effect," "Seller Material Adverse Effect," or similar qualifications contained therein), (b) any breach of any covenant or agreement of Seller or, prior to the Closing, the Company, under this Agreement, (c) all Taxes of the Acquired Companies for all Pre-Closing Tax Periods and the pre-Closing portion of any Straddle Period (as determined under Section 5.13(c)), (d) any Transfer Taxes for which Seller is liable pursuant to Section 5.13(a), (e) any Seller Withholding Liabilities, (f) the Actions set forth on Schedule 8.2(f) of the Seller Disclosure Schedules; provided, that, the maximum amount of Losses that may be recovered from Seller for any amounts due under this Section 8.2(f) shall be an amount equal to Brazilian Reais 7.5 million, (g) the Actions set forth on Schedule 8.2(g) of the Seller Disclosure Schedules; provided, that, the maximum amount of Losses that may be recovered from Seller for any amounts due under this Section 8.2(g) shall be an amount equal to ten (10%) of the Purchase Price, (h) the matters set forth on Schedule 8.2(h) of the Seller Disclosure Schedules, and (i) the Restructuring Transactions and the Additional Restructuring Transactions (which, for the avoidance of doubt, in each case exclude the Transaction).

8.3 Indemnification by Purchaser. Subject to Section 8.4, from and after the Closing Date, Purchaser shall indemnify and hold harmless Seller and its Affiliates and their respective directors, officers, employees, successors and assigns (each, a "Seller Indemnified Party") from and against all Losses actually imposed on, suffered or incurred by them in connection with, arising out of or resulting from (a) a failure of any representation or warranty made by Purchaser in this Agreement to be true and correct on and as of the Closing Date (and in each case disregarding, for all purposes of this Article VIII, any "material," "Purchaser Material Adverse Effect," or similar qualifications contained therein), or (b) any breach of any covenant or agreement of Purchaser or, after the Closing, the Company, under this Agreement, (c) all Taxes of the Acquired Companies for all Post-Closing Tax Periods and the post-Closing portion of any Straddle Period (as determined under Section 5.13(c)), (d) any Transfer Taxes for which Purchaser is liable pursuant to Section 5.13(a), and (e) any Purchaser Withholding Liabilities.



8.4 Limitations on Indemnification.

(a) No claim may be made or asserted nor may any Action be commenced pursuant to Sections 8.2 or 8.3 against any Party for breach of any representation, warranty or covenant contained herein, unless written notice of such claim or Action has been given by the Indemnified Party to the Indemnifying Party, describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim or Action (or if reasonable detail is not possible, setting forth information known at such time with respect to such claim), on or prior to the date on which the representation or warranty on which such claim or Action is based ceases to survive as set forth in Section 8.1;

(b) Notwithstanding anything to the contrary contained in this Agreement:

(i) except in the breaches of any Fundamental Representation, the representations set forth in Sections 2.7 (Brokers and Finders) and 3.21 (Brokers and Finders), or the Tax Reps and Covenants, Seller shall not be liable for any claim for indemnification pursuant to Section 8.2(a), unless and until the aggregate amount of indemnifiable Losses that may be recovered from Seller pursuant to Section 8.2(a) equals or exceeds one percent (1%) of the Purchase Price (the "Deductible Amount"), at which point Seller shall be liable only for the amount of those Losses indemnifiable pursuant to Section 8.2(a) in excess of the Deductible Amount;

(ii) except in the case of breaches of any Fundamental Representation, the representations set forth in Sections 2.7 (Brokers and Finders) and 3.21 (Brokers and Finders), or the Tax Reps and Covenants, no Losses may be claimed under Section 8.2(a) by any Indemnified Party, nor shall any Losses be reimbursable or included in calculating the aggregate indemnifiable Losses set forth in subsection (i) of this Section 8.4(b), other than Losses in excess of one hundred thousand dollars (\$100,000) resulting from any single claim or aggregated claims arising out of related facts, events or circumstances; provided that, subject to this Section 8.4(b), after such amount is reached, all such Losses may be claimed under Section 8.2(a) by an Indemnified Party;

(iii) except in the case of breaches of any Fundamental Representation, the representations set forth in Sections 2.7 (Brokers and Finders) and 3.21 (Brokers and Finders), or the Tax Reps and Covenants, the maximum amount of indemnifiable Losses that may be recovered from Seller for any amounts due under Section 8.2(a) shall be an amount equal to ten percent (10%) of the Purchase Price;

(iv) the aggregate amount of Losses for which either Party is liable under this Article VIII shall not be in excess of the amount of the Purchase Price;

(v) the right to indemnification, payment, reimbursement, or other remedy based upon the inaccuracy or breach of any representation or warranty will not be affected by any investigation conducted or any knowledge acquired at any time whether before or after the date hereof or the Closing Date, with respect to the accuracy or inaccuracy of such representation or warranty; and

(vi) no Party shall have any Liability pursuant to Section 8.2(a), (b) or (c) or Section 8.3(a), (b) or (c) for any special, indirect, consequential (including lost profits) or punitive damages (other than (i) punitive damages payable to third parties or (ii) relating to a breach or alleged breach of Sections 3.6, 3.11, 3.13 or 3.15(b)).

#### 8.5 Notice of Loss: Third Party Claims.

(a) Other than with respect to any Third Party Claim that is provided for in Section 8.5(b), an Indemnified Party shall give the Indemnifying Party notice of any matter that an Indemnified Party has determined has given rise to a right of indemnification under this Article VIII, promptly after such determination, stating the amount of the Losses, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Article VIII, except to the extent that the Indemnifying Party is actually and materially prejudiced by such failure.

(b) If an Indemnified Party shall receive notice of any Action, audit, claim, demand or assessment (each, a "Third Party Claim") against it that may give rise to a claim for Losses under this Article VIII, promptly after the receipt of such notice, the Indemnified Party shall give the Indemnifying Party notice of such Third Party Claim (a "Claim Notice"); provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Article VIII, except to the extent that the Indemnifying Party is actually and materially prejudiced by such failure. The Indemnifying Party shall be entitled, to the extent permitted by applicable Law, to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice (reasonably acceptable to the Indemnified Party), if it gives notice of its intention to do so to the Indemnified Party within thirty (30) days of its receipt of the Claim Notice; provided that the Indemnifying Party shall not be entitled to assume control of such defense and shall pay (x) the fees and expenses of counsel retained by the Indemnified Party and (y) in the case of Third Party Claims relating to a claim made by a Governmental Entity, the cost of posting a bond or other security in connection with such Third Party Claim, if (A) such Third

Party Claim for indemnification relates to or arises in connection with any criminal Action; (B) such Third Party Claim seeks an injunction or equitable relief against the Indemnified Party; (C) such Third Party Claim is reasonably foreseeable to result in Losses which are more than 200% of the remaining applicable indemnifiable amount pursuant to this Article VIII at the time such claim is submitted by the Indemnified Party; (D) such Third Party Claim relates to a claim made by a Governmental Entity; (E) such Third Party Claim relates to or arises in connection with customers, suppliers or senior management of the Acquired Companies, or (F) such Third Party Claim relates to any of the Actions set forth on Schedule 8.2(f) of the Seller Disclosure Schedule or on Schedule 8.2(g) of the Seller Disclosure Schedule.

(c) Notwithstanding the foregoing, if the actual or potential defendants in, or targets of, such Third Party Claim include both the Indemnifying Party and the Indemnified Party, and the Indemnified Party shall have reasonably concluded that there exists an actual conflict of interest between them (including one or more legal defenses available to the Indemnified Party which are not available to the Indemnifying Party) or is reasonably likely to develop during the pendency of the litigation that would make it inappropriate in the reasonable judgment of the Indemnified Party for the same counsel to represent both the Indemnified Party and the Indemnifying Party, then the Indemnified Party shall be entitled to retain one counsel (plus one local counsel, if necessary) reasonably acceptable to the Indemnifying Party, at the expense of the Indemnifying Party; provided that the Indemnified Party and such counsel shall use diligent and good faith efforts in such defense.

(d) The Indemnified Party shall cooperate with the Indemnifying Party in the defense and settlement of any Third Party Claim and make available to the Indemnifying Party all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Indemnifying Party; provided that such access shall not unduly interrupt the Indemnified Party's businesses. Any settlement or compromise of such Third Party Claim by the Indemnifying Party shall require the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, conditioned or delayed; provided, further, that no such consent shall be required as long as it is solely a monetary settlement which is fully indemnifiable that provides a full release of the Indemnified Party with respect to such Third Party Claim and does not contain an admission of liability on the part of the Indemnified Party.

(e) If the Indemnifying Party does not assume control over the defense of such Third Party Claim as provided in Section 8.5(b), then the Indemnified Party shall have the right to defend such Third Party Claim and the Indemnifying Party shall be required to pay all reasonable costs and expenses incurred by the Indemnified Party in connection with such Third Party Claim; provided that the Indemnified Party shall use diligent and good faith efforts in its defense of such Third Party Claim and shall not settle such Third Party Claim without obtaining

the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed, unless, that in such event, the Indemnified Party shall waive any right to indemnity therefor by the Indemnifying Party for such Third Party Claim. In such event, the Indemnifying Party shall cooperate with the Indemnified Party in the defense and settlement of any Third Party Claim and make available to the Indemnified Party all witnesses, pertinent records, materials and information in the Indemnifying Party's possession or under the Indemnifying Party's control relating thereto as is reasonably required by the Indemnified Party; provided that such access shall not unduly interrupt the Indemnifying Party's businesses. The Indemnified Party shall not pay, or permit to be paid, any part of such Third Party Claim unless (i) the Indemnifying Party consents in writing to such payment, (ii) a final judgment from which no appeal may be taken by or on behalf of the Indemnifying Party has been entered against the Indemnified Party for such Third Party Claim or (iii) the Indemnified Party waives in writing its right to indemnification hereunder with respect to such Third Party Claim.

(f) With respect to any Tax Matter, the provisions of Section 5.13(e), and not this Section 8.5 (except Section 8.5(g)) shall control to the extent of any conflict between such provisions. Notwithstanding the preceding sentence, with respect to any Third Party Claim and any Tax Matter, if there is any conflict between Section 8.5(g) and any other provision herein (including Section 5.13(e)), Section 8.5(g) shall govern in all events.

(g) The defense of proceedings related to any Third Party Claims and any Tax Matter that may affect the ability of the Acquired Companies and/or the Purchaser to obtain clearance certificates (or positive certificates with clearance effects) of debts or obligations owed to Governmental Authorities (including without limitation Tax debts, Taxes and sector charges), shall be conducted through the adoption of any and all measure necessary to maintain the suspension of the applicability (in Portuguese, "*suspensão de exigibilidade*") of any liability or obligation under discussion, allowing for the issuance of said certificates. If, at any time, the applicability of any liability is no longer suspended or the obtaining of certificates is impaired, the Indemnifying Party, or the Seller in the case of a Tax Matter contested in accordance with Section 5.13(e)(i), shall have a maximum period of ten (10) days from the knowledge by the Indemnifying Party, or the Seller in the case of a Tax Matter contested in accordance with Section 5.13(e)(i), to perform any act necessary to reverse the situation. In case there is a need obtain certificates that allow the Acquired Companies and/or Purchaser to participate in tenders, enter into agreements or enjoy relevant rights, and it is not possible to obtain them with at least ten (10) days before the date when they shall be presented, the Indemnified Party, or the Purchaser in the case of a Tax Matter contested in accordance with Section 5.13(e)(i), shall notify the Indemnifying Party, or the Seller in the case of a Tax Matter contested in accordance with Section 5.13(e)(i), so that the latter may obtain, within three (3) days from the receipt of such notification, the suspension of the enforceability of credit or obligation in order to allow the effective issuance of the referred certificates. In case the Indemnifying Party, or the Seller in the case of a Tax Matter contested in accordance with Section 5.13(e)(i), does not

obtain such suspension in the referred term, (i) in the case of a Third Party Claim, the Indemnified Party may revoke the power of attorney granted to the lawyer responsible for the defense, and (ii) in the case of Tax Matter contested in accordance with Section 5.13(e)(i), the Seller shall no longer control the resolution of such Tax Matter and the provisions of Section 5.13(e)(ii) shall apply, and/or adopt the measures required to obtain the suspension of the enforceability of credit and the referred certificates, being fully indemnified, in accordance with this Agreement, for amounts paid and other costs relating to the proceedings, regardless of any discussion about the efficiency or convenience of the payment or any other act performed in this respect. In any case, the reasonable costs associated with the legal fees of the defense, after it is assumed by the Indemnified Party or the Purchaser, as the case may be, shall still be subject to indemnification to the Indemnified Party or the Purchaser, as the case may be, in accordance with the provisions in this Agreement.

8.6 Mitigation; Adjustments.

(a) Each Indemnified Party shall use its reasonable best efforts to mitigate any Losses under this Article VIII (which efforts in no event shall include commencement of litigation against any Person). In the event an Indemnified Party fails to so mitigate an indemnifiable Loss, the Indemnifying Party shall have no Liability for any portion of such Loss that reasonably would have been avoided had the Indemnified Party made such efforts. Purchaser shall, and shall cause the Acquired Companies to, reasonably cooperate with Seller in recovering from any third parties (including with respect to enforcement of any Acquired Company's indemnification rights) any Loss paid by Seller pursuant to this Article VIII.

(b) In calculating the amount of any Loss under this Article VIII, the proceeds actually received by the Indemnified Party or any of its Affiliates under any third-party insurance policy, or pursuant to any claim, recovery, settlement or payment by or against any other Person, net of any actual costs, expenses or premiums incurred in connection with securing or obtaining such proceeds, shall be deducted from such Loss or indemnification payment.

(c) The amount of any Damages incurred by the Indemnified Party shall be reduced by the amount of any Tax benefit attributable to such Damages that are actually realized by the Indemnified Party or any of its Affiliates through a reduction in cash Tax payments that otherwise would have been required to be made by such Indemnified Party or any of its Affiliates, as the case may be, on or before the end of the taxable year in which indemnification is sought or in the taxable year immediately following such taxable year; provided, however, that for the avoidance of doubt, in no event shall such Indemnified Party (or its applicable Affiliate) be required to disclose any information it deems confidential, including its tax returns and its calculations.

(d) Purchaser and Seller agree to treat, and to cause their respective Affiliates to treat, for all Tax purposes, any payment made under this Article VIII, to the maximum extent permitted by applicable Law, as an adjustment to the Purchase Price.

8.7 Remedy. Except as provided in Section 10.5 or in the case of actual and intentional fraud, (a) this Article VIII shall be the exclusive remedy of the Parties hereto following the Closing for any Losses arising out of any breach or inaccuracy of the representations, warranties, covenants and agreements of the Parties contained in this Agreement, and (b) each of the Parties hereto hereby waives, to the fullest extent permitted by applicable Law, any and all rights, claims and causes of action it may have against the other Parties hereto with respect to any breach or inaccuracy of the representations, warranties, covenants and agreements of the Parties contained in this Agreement, arising under or based upon any Law or Governmental Order, other than the right to seek indemnity pursuant to this Article VIII.

8.8 Director and Officer Release: Seller Release.

(a) Purchaser shall cause the Acquired Companies to completely and irrevocably release, hold harmless and forever discharge each director or officer of the Acquired Companies who resigns at the Closing (or before the Closing at the request of Purchaser) from any and all claims, damages, Losses, demands, Actions, causes of action, promises and/or Liabilities of every kind or character whatsoever, whether in law or in equity, the same may owe or have to the Acquired Companies in his or her capacity as a director or officer thereof arising on or before the Closing, other than liabilities arising from his or her gross negligence, recklessness, criminal conduct or self-dealing.

(b) Effective on the Closing, the Seller, on behalf of itself and its Affiliates, hereby completely and irrevocably releases, holds harmless and forever discharges Purchaser, each Acquired Company and each of their respective post-Closing Affiliates, from any and all claims, damages, Losses, demands, Actions, causes of action, promises and/or Liabilities of every kind or character whatsoever, whether in law or in equity, to the extent arising out of Seller or any of its Affiliates having been an equity, debt or option holder of any of the Acquired Companies, including, without limitation, any such claims, damages, Losses, demands, Actions, promises with respect to declared but unpaid dividends.

## ARTICLE IX

### DEFINITIONS AND INTERPRETATION

9.1 Defined Terms. The following terms are defined in the corresponding Sections of this Agreement:

<u>Defined Term</u>	<u>Section Reference</u>
Additional Restructuring Transactions	<u>Section 1.7(a)</u>
Adjustment Amount Statement	<u>Section 1.6(a)</u>
Affiliate Contracts	<u>Section 3.19(a)</u>
Agreement	<u>Preamble</u>
Auction Notice	<u>Section 5.17</u>
Brazilian Withholding Documentation	<u>Section 1.8(b)(iii)</u>
Brazilian Withholding Taxes	<u>Section 1.8(b)</u>
Casualty Loss	<u>Section 5.18</u>
CBA	<u>Section 3.17(a)</u>
Claim Notice	<u>Section 8.5(b)</u>
Closing	<u>Section 1.3</u>
Closing Date	<u>Section 1.3</u>
Company	<u>Preamble</u>
Company Material Contracts	<u>Section 3.15(a)</u>
Company Plans	<u>Section 3.12(a)</u>
Company Required Consents	<u>Section 3.3</u>
Company Required Statutory Approvals	<u>Section 3.4</u>
Concession Real Property	<u>Section 3.14</u>
Concessions	<u>Section 3.14(c)</u>
Continuing Employees	<u>Section 5.6(a)</u>
Contract	<u>Section 2.3</u>
Contracting Party	<u>Section 3.15(a)</u>
Damage Cost	<u>Section 5.18(a)</u>
DARFs	<u>Section 1.8(b)(ii)</u>
December 2015 Financial Statements	<u>Section 3.6(a)</u>
Deductible Amount	<u>Section 8.4(b)(i)</u>
Deemed Closing Time	<u>Section 1.3</u>
DEIG	<u>Preamble</u>
Disclosure Schedules	<u>Section 10.8</u>
Dispute Notice	<u>Section 1.6(c)</u>
Duke Paranapanema	<u>Section 5.16</u>
Environmental Permits	<u>Section 3.16(a)(i)</u>
ERISA Affiliate	<u>Section 3.12(a)</u>
Estimated Adjustment Amount	<u>Section 1.5</u>
Estimated Adjustment Amount Statement	<u>Section 1.5</u>
Estimated Purchase Price	<u>Section 1.2</u>
Final Termination Date	<u>Section 7.1(c)</u>
Financial Statements	<u>Section 3.6</u>
Financing Arrangements	<u>Section 4.6(a)</u>
Fundamental Representations	<u>Section 8.1</u>
GSF Settlement Agreement	<u>Section 5.20</u>

IGA	<a href="#">Section 5.12(g)</a>
Incremental Withholding Taxes	<a href="#">Section 1.8(b)(iv)</a>
Initial Termination Date	<a href="#">Section 7.1(c)</a>
Intellectual Property	<a href="#">Section 3.18(b)</a>
Intercompany Indebtedness	<a href="#">Section 3.19(b)</a>
June 2016 Financial Statements	<a href="#">Section 3.6(a)</a>
Leases	<a href="#">Section 3.14(a)</a>
Leased Real Property	<a href="#">Section 3.14(a)</a>
Non-U.S. Benefit Plan	<a href="#">Section 3.12(c)</a>
Owned Real Property	<a href="#">Section 3.14(a)</a>
Parapananema Concession Agreement	<a href="#">Section 5.17</a>
Parapananema SPA	<a href="#">Section 5.17</a>
Party	<a href="#">Preamble</a>
Purchase Price	<a href="#">Section 1.2</a>
Purchase Price Allocation Statement	<a href="#">Section 5.12(i)</a>
Purchaser	<a href="#">Preamble</a>
Purchaser Guaranty	<a href="#">Recitals</a>
Purchaser Indemnified Party	<a href="#">Section 8.2</a>
Purchaser Termination Fee	<a href="#">Section 7.3(a)(ii)</a>
Purchaser Required Consents	<a href="#">Section 4.3</a>
Purchaser Required Statutory Approvals	<a href="#">Section 4.4</a>
Purchaser Withholding Liabilities	<a href="#">Section 1.8(b)(iv)</a>
Representatives	<a href="#">Section 5.4(a)</a>
Restructuring Transactions	<a href="#">Section 1.7</a>
Section 338(g) Elections	<a href="#">Section 5.13(i)</a>
Section 338(g) Forms	<a href="#">Section 5.13(i)</a>
Section 338(g) Notice Documents	<a href="#">Section 5.13(i)</a>
Seller	<a href="#">Preamble</a>
Seller Counsels	<a href="#">Section 10.6</a>
Seller Guaranty	<a href="#">Recitals</a>
Seller Indemnified Party	<a href="#">Section 8.3</a>
Seller Plans	<a href="#">Section 5.6(e)</a>
Seller Required Statutory Approvals	<a href="#">Section 2.4</a>
Seller Marks	<a href="#">Section 5.9(a)</a>
Seller Withholding Liabilities	<a href="#">Section 1.8.(b)(v)</a>
Services Provider	<a href="#">Section 5.22(a)</a>
Services Recipient	<a href="#">Section 5.22(a)</a>
Solvent	<a href="#">Section 4.6(b)</a>
Support Obligations	<a href="#">Section 3.19(c)</a>
Tax Matter	<a href="#">Section 5.13(e)</a>
Tax Reps and Covenants	<a href="#">Section 8.1</a>
Third Party Claim	<a href="#">Section 8.5(b)</a>
Transaction	<a href="#">Section 1.1</a>



Transition Services Section 5.22(a)  
Violation Section 2.3

9.2 Definitions. Except as otherwise expressly provided in this Agreement, whenever used in this Agreement (including the Schedules), the following terms will have the meanings indicated below:

(a) “Acquired Companies” means, collectively, the Company, the Company Subsidiaries and the Project Companies and each, individually, an “Acquired Company.”

(b) “Action” means any civil, criminal, labor, social security, environmental, administrative or any other claim, action, suit, proceeding or arbitration by or before any Governmental Entity.

(c) “Adjustment Amount” means an amount in U.S. dollars equal to the sum, which may be a positive or negative number, of (A) (i) the Net Working Capital as of the Deemed Closing Time, minus (ii) the June 30 Net Working Capital, the result of which may be a positive or negative number, and (B) (i) the June 30 Total Indebtedness, minus (ii) the Total Indebtedness as of the Deemed Closing Time, the result of which may be a positive or negative number. For purposes of the Adjustment Amount, the Intercompany Indebtedness shall be deemed to have been repaid and discharged immediately prior to the Deemed Closing Time.

(d) “Affiliate” means, with respect to any Person or group of Persons, a Person that directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person or group of Persons; provided that any Person (other than any Acquired Company or any Affiliate of an Acquired Company) that owns Equity Interests in any Project Company shall be deemed not to be an Affiliate of any of the Acquired Companies. “Control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities or other Equity Interests, by contract or otherwise.

(e) “Brazil Regulatory Approvals” means the approvals of the Brazilian Antitrust Agency (“CADE – Conselho Administrativo de Defesa Econômica”) and the National Agency of Electrical Energy (“ANEEL – Agência Nacional de Energia Elétrica”).

(f) “Business Day” means a day other than a Saturday or Sunday or any other day on which banks are not required to be open or are authorized to close in New York, New York, Sao Paulo, Brazil, Luxembourg, Hong Kong or Beijing, China.

(g) “Code” means the Internal Revenue Code of 1986, as amended.

(h) “Company Material Adverse Effect” means any change or event that has had or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on (x) the businesses, assets, financial condition or results of operations of the Acquired Companies, taken as a whole, or (y) the ability of Seller to consummate the transactions contemplated by this Agreement or perform its obligations hereunder; provided however, with respect to subparagraph (x), that none of the following shall constitute or be taken into account in determining whether there has been or is a Company Material Adverse Effect: (i) any changes, events or developments in the international, national, regional, state or local economy or financial, securities or credit markets (including changes in prevailing interest rates); (ii) any changes, events or developments in the international, national, regional, state or local (A) industry in which an Acquired Company operates or (B) regulatory or political conditions; (iii) any changes, events or developments relating to “acts of war” (whether or not declared), armed hostilities or terrorism or relating to national security; (iv) any changes that result from natural disasters or “acts of God” or other “force majeure” events; (v) any changes in weather conditions, customer usage patterns or hydrology; (vi) any performance by Purchaser, Seller or any of their respective Affiliates of their respective obligations, covenants or agreements contained in this Agreement (including any actions required to be taken by Purchaser, Seller or any of their respective Affiliates that are not in violation of this Agreement and that are taken to obtain any Required Statutory Approval); (vii) any action taken or omitted to be taken (A) by Purchaser or (B) by Seller or an Acquired Company at the request or with the consent of Purchaser or which is expressly permitted by this Agreement; (viii) any effects or conditions (including any loss of, or adverse change in, the relationship of an Acquired Company with its respective customers, employees (including any employee departures or labor union or labor organization activity), regulators, financing sources or suppliers) proximately caused by, or resulting from, the announcement of this Agreement, the pendency of the transactions contemplated by this Agreement or the identity of Purchaser or any of its Affiliates; (ix) any changes in (A) any Law (including Environmental Laws and any interpretation or enforcement thereof by any Governmental Entity), regulatory policies or industry standards, or (B) accounting standards, principles or interpretations; (x) any change in the financial condition or results of operation of an Acquired Company, including a reduction in the credit rating, solely to the extent attributable to any action of Purchaser or its Affiliates or the transactions expressly contemplated or permitted by this Agreement; (xi) any changes in the costs of commodities or supplies, including fuel, or changes in the price of electricity; (xii) any effects or conditions proximately caused by, or resulting from, the consummation for the Restructuring Transactions, if any; except, in the case of clauses (i) through (v), (ix) or (xi) above, to the extent that any such change, event, effect, circumstance or occurrence has a disproportionate effect on the businesses, assets, financial condition or results of operations of the Acquired Companies, relative to other Persons who are in the hydroelectric power business in Brazil.

- (i) "Company Shares" means the 634,592,113 shares of the Company, par value (U.S.) \$1.00 per share.
- (j) "Company Subsidiary" means each of the Persons set forth in Schedule 3.5(a) of the Seller Disclosure Schedules.
- (k) "Confidentiality Agreement" means the Confidentiality Agreement, dated March 18, 2016, between Purchaser and Parent.
- (l) "Consent" means any consent, approval, authorization, order, filing, registration or qualification of, by or with any Person.
- (m) "Consultation Threshold" means the individual amount set forth in Schedule 9.2 of the Seller Disclosure Schedules under "Consultation Threshold."
- (n) "Damages" means Liabilities, demands, claims, suits, actions, or causes of action, losses, costs, expenses, damages and judgments, whether or not resulting from third party claims (including reasonable fees and expenses of attorneys and accountants).
- (o) "Environmental Law" means any foreign, federal, state or local Law or applicable Governmental Order relating to (i) pollution, (ii) protection of human health or safety (to the extent human health or safety relate to exposure to Hazardous Substances), (iii) the treatment, disposal, emission, discharge, use, storage, burial, transportation, handling, recycling, reclamation, cleanup, Release or threatened Release of, or exposure to, Hazardous Substances or (iv) the preservation and protection of the environment (including natural resources, air, surface or subsurface land, waters and historic and archeological heritage).
- (p) "Equity Interests" means shares of capital stock, limited liability company, partnership or other equity interests or any security, right, subscription, warrant, option, "phantom" stock right or Contract of any kind convertible into or exchangeable or exercisable for any shares of capital stock, limited liability company, partnership or other equity interests.
- (q) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.
- (r) "Final Order" means an action by the relevant regulatory authority which has not been reversed, stayed, enjoined, set aside, annulled or suspended, with respect to which any waiting period prescribed by Law before the transactions contemplated hereby may be consummated has expired (but without the requirement for expiration of any applicable rehearing or appeal period), and as to which all conditions to the consummation of such transactions prescribed by Law, regulation or order have been satisfied.

(s) “GAAP” means generally accepted accounting principles as applied in Brazil or the United States, as applicable.

(t) “Governmental Entity” means any supranational, national, federal, state, municipal or local governmental or quasi-governmental or regulatory authority (including a national securities exchange or other self-regulatory body), agency, court, commission or arbitrator or other similar entity, domestic or foreign.

(u) “Governmental Order” means any order, decree, ruling, injunction, judgment or similar act of or by any Governmental Entity.

(v) “GSF Matter” means the portion affecting the Acquired Companies in the lawsuit 0034944-23.2015.4.01.3400 filed by APINE – Associação dos Produtores Independentes de Energia Elétrica, which addresses the financial impact of hydrologic risk and the mechanisms for its allocation among the different agents of the Brazilian power sector, including the Acquired Companies.

(w) “GSF Reserve Amount” means the reserve amount for the GSF Matter on the books of the applicable Acquired Company as of the Closing Date, determined in accordance with GAAP, converted into U.S. dollars based on the exchange rate for selling released by the Central Bank of Brazil on the second Business Day prior to Closing.

(x) “GSF Settlement Amount” means, if the GSF Settlement Agreement is entered into prior to Closing, the actual amount paid or required to be paid by any Acquired Company under the GSF Settlement Agreement.

(y) “Hazardous Substance” means any material, substance or waste (whether liquid, gaseous or solid) that (i) requires removal, remediation or reporting under any Environmental Law, or is listed, classified or regulated as a “pollutant,” “contaminant,” “hazardous waste” or “hazardous substance” (or other similar term) pursuant to any applicable Environmental Law or (ii) is regulated under applicable Environmental Laws as being toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, including any petroleum product or by-product, petroleum-derived substances wastes or breakdown products, asbestos or polychlorinated biphenyls.

(z) “Indebtedness” has the meaning given to it in the definition of “Total Indebtedness.”

(aa) “Indemnified Party” means a Purchaser Indemnified Party or a Seller Indemnified Party, as the case may be.

(bb) “Indemnifying Party” means Seller for the purpose of Section 8.2 and Purchaser for the purpose of Section 8.3, as the case may be.

(cc) “Independent Accountants” means an internationally recognized firm of accountants appointed as mutually agreed by Purchaser and Seller (and which firm in any case does not serve as the independent auditor of Purchaser or Seller); provided that if Purchaser and Seller are unable to agree on an such firm, Seller shall propose two such firms neither of which shall have provided services to Seller or its Affiliates during the prior two years, and Purchaser shall select one; provided that if Purchaser does not provide notice of its selection within ten (10) Business Days, Seller shall be entitled to select one of the proposed firms to serve as Independent Accountants.

(dd) “IRS” means the United States Internal Revenue Service.

(ee) “June 30 Net Working Capital” means the Net Working Capital of the Acquired Companies on a combined basis as of June 30, 2016, as derived from the June 2016 Financial Statements.

(ff) “June 30 Total Indebtedness” means the Total Indebtedness of the Acquired Companies on a combined basis as of June 30, 2016, as derived from the June 2016 Financial Statements.

(gg) “Knowledge” when used with respect to the Company, means the actual knowledge of any fact, circumstance or condition of those officers of the Company or its Affiliates set forth in Schedule 9.2(2)(a) of the Seller Disclosure Schedules and to the extent set forth in Schedule 9.2(2)(a) of the Seller Disclosure Schedules; when used with respect to Seller, means the actual knowledge of any fact, circumstance or condition of those officers of Seller or its Affiliates set forth in Schedule 9.2(2)(b) of the Seller Disclosure Schedules and to the extent set forth in Schedule 9.2(2)(b) of the Seller Disclosure Schedules; and when used with respect to Purchaser, means the actual knowledge of any fact, circumstance or condition of those officers of Purchaser or its Affiliates set forth in Schedule 9.2(2)(c) of the Purchaser Disclosure Schedules and to the extent set forth in Schedule 9.2(2)(c) of the Purchaser Disclosure Schedules.

(hh) “Law” means any law, statute, ordinance, regulation, code, or rule of or by any Governmental Entity or any arbitrator.

(ii) “Liabilities” means any and all liabilities or Indebtedness of any nature (whether direct or indirect, absolute or contingent, liquidated or unliquidated, due or to become due, accrued or unaccrued, matured or unmatured, asserted or unasserted, determined or determinable and whenever or however arising).

(jj) "Lien" means any lien, claim, security interest, pledge, mortgage, encumbrance, other adverse claim, conditional sale agreement, title retention contract, restriction on transfer, deed restriction, claim, easement, right of first refusal, option to purchase, proxy, voting trust or voting agreement, earn out or revenue sharing (whether or not vested) or any similar interest or any restrictions on the creation of any of the foregoing, and, in all cases, whether relating to any property or right or the income or profits therefrom.

(kk) "Losses" means any losses, damages, claims, fees, fines, costs and expenses, interest, awards, settlements, Liabilities, recourses, judgments and penalties (including reasonable attorneys' fees).

(ll) "Net Working Capital" means (without duplication) the amount (expressed as a positive or negative number) equal to (i) the total current assets of the Acquired Companies on a combined basis, minus (ii) the total current liabilities of the Acquired Companies on a combined basis, in each case (A) excluding current and deferred Tax assets and current and deferred Tax liabilities, (B) adjusted for the relevant ownership of each Acquired Company by the Company, (C) measured as of the time immediately prior to the consummation of, and without giving effect to, the transactions contemplated hereby and (D) determined in accordance with the methodology used in the preparation of Schedule 9.2(3) of the Seller Disclosure Schedules, and otherwise in accordance with GAAP; provided that to the extent that there is any conflict between the provisions of this definition, the application of GAAP and Schedule 9.2(3) of the Seller Disclosure Schedules, the provisions of this definition shall control; provided, further, for the avoidance of doubt, that the GSF Matter shall in no event be taken into account in the calculation of Net Working Capital.

(mm) "Non-Company Affiliate" means any Affiliate of Seller, except for any of the Acquired Companies.

(nn) "Operating Contract" means any Contract (i) providing for the purchase, sale, supply, transportation, storage, parking, loaning, distribution, wheeling, facility or meter construction, unloading, delivery or balancing, or transmission of electric power, water, gas, coal, oil or other fuel, energy, capacity or ancillary services, (ii) interconnection Contracts, or (iii) any other Contract for the operation, management and/or maintenance of any assets of any of the Acquired Companies.

(oo) "Organizational Documents" means, with respect to any corporation, its articles or certificate of incorporation, memorandum or articles of association and by-laws or documents of similar substance; with respect to any limited liability company, its articles or certificate of organization, formation or association and its operating agreement or limited liability company agreement or documents of similar substance; with respect to any limited partnership, its

certificate of limited partnership and partnership agreement or documents of similar substance; and with respect to any other entity, documents of similar substance to any of the foregoing.

(pp) “Parent” means Duke Energy Corporation, a Delaware corporation and an Affiliate of Seller.

(qq) “Permits” means all permits, licenses, franchises, registrations, variances, authorizations, Consents, orders, certificates and approvals obtained from or otherwise made available by any Governmental Entity or pursuant to any Law.

(rr) “Permitted Liens” means (i) any Liens for Taxes not yet due or delinquent or which are being contested in good faith by appropriate proceedings, (ii) Liens of warehousemen, mechanics and materialmen and other similar statutory Liens incurred in the ordinary course of business for amounts not yet due and payable or being contested by appropriate proceedings, (iii) any Liens that do not materially detract from the value or present use of any of the applicable property, rights or assets of the businesses or materially interfere with the use thereof as currently used, (iv) zoning, entitlement, conservation, restriction or other land use or environmental regulation by any Governmental Entity that do not materially impact the present use of the assets of the Acquired Companies, (v) any Lien arising under (A) the Organizational Documents of each Acquired Company or (B) any shareholders or similar agreement to which any Acquired Company is a party or by which it is bound, in each case a true and correct copy of which was provided to Purchaser prior to the date hereof.

(ss) “Person” means any natural person, firm, partnership, association, corporation, company, joint venture, trust, business trust, Governmental Entity or other entity.

(tt) “Post-Closing Payment” means an amount (positive or negative) equal to the Estimated Adjustment Amount minus the actual Adjustment Amount.

(uu) “Post-Closing Tax Period” means any Tax period (or portion thereof) beginning after the Closing Date.

(vv) “PRC Regulatory Approvals” means the approvals in the People’s Republic of China set forth on Schedule 4.4 of the Purchaser Disclosure Schedules.

(ww) “Pre-Closing Tax Period” means any Tax period ending on or before the Closing Date.

(xx) “Project Company” means each of the Persons set forth in Schedule 3.5(b) of the Seller Disclosure Schedules.

(yy) "Purchaser Disclosure Schedules" means the disclosure schedules delivered by Purchaser to Seller on the date of this Agreement.

(zz) "Purchaser Guarantor" means China Three Gorges International Corporation, incorporated pursuant to the laws of the People's Republic of China, headquartered at No. 1 Yuyuantan South Road, Haidian District, 100038, Beijing, China.

(aaa) "Purchaser Material Adverse Effect" means any material adverse effect on the ability of Purchaser or Purchaser Guarantor to consummate the transactions contemplated by this Agreement or perform its obligations hereunder or under the Purchaser Guaranty, as the case may be.

(bbb) "Real Property" means the Owned Real Property, the Leased Real Property and the Concession Real Property, if any.

(ccc) "Release" means the release, spill, emission, leaking, pumping, pouring, emptying, escaping, dumping, injection, deposit, disposal, discharge, dispersal, seeping, leaching or migrating of Hazardous Substances into or through the environment.

(ddd) "Relevant Aggregate Interim Period Amount" means the aggregate amount set forth in Schedule 9.2(4) of the Seller Disclosure Schedules.

(eee) "Relevant Interim Period Amount" means the individual amount set forth in Schedule 9.2(5) of the Seller Disclosure Schedules.

(fff) "Relevant Material Contract Amount" means the amount set forth in Schedule 9.2(6) of the Seller Disclosure Schedules.

(ggg) "Remedial Action" means all action to (i) clean up, remove, treat or remediate Hazardous Substances in the environment; (ii) restore or reclaim the environment or natural resources; (iii) mitigate a Release of Hazardous Substances so that they do not migrate, endanger or threaten to endanger public health or the environment; or (iv) perform remedial investigations, feasibility studies, corrective actions, closures and postremedial or postclosure studies, investigations, operations, maintenance and monitoring on, about or in any real property.

(hhh) "Required Statutory Approvals" means the Seller Required Statutory Approvals, Company Required Statutory Approvals and Purchaser Required Statutory Approvals, to the extent relating to filings, waivers, approvals, consents, authorizations and notices required to be made with, obtained from or provided to a Governmental Entity prior to the Closing.

(iii) "Seller Disclosure Schedules" means the disclosure schedules delivered by Seller to Purchaser on the date of this Agreement.



(jjj) “Seller Material Adverse Effect” means any change or event that has had or would reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Seller or Seller Guarantor to consummate the transactions contemplated by this Agreement or the Seller Guaranty or perform its obligations hereunder or under the Seller Guaranty, as the case may be.

(kkk) “Seller Guarantor” means Duke Energy Corporation, a Delaware corporation.

(lll) “Straddle Period” means any Tax period that begins on or before the Closing Date and ends after the Closing Date.

(mmm) “Subsidiary” means, with respect to any Person (for the purposes of this definition, the “parent”), any other Person (other than a natural person), whether incorporated or unincorporated, of which at least a majority of the securities or ownership interests having by their terms ordinary voting power to elect a majority of the board of directors or other persons performing similar functions is directly or indirectly owned or controlled by the parent or by one or more of its respective Subsidiaries or by the parent and any one or more of its respective Subsidiaries.

(nnn) “Tax” or “Taxes” means any and all taxes, including any interest, penalties or other additions to tax, that may become payable in respect thereof, imposed by any Governmental Entity, which taxes shall include all income taxes, profits taxes, payment or fee-in-lieu-of-taxes (and similar taxes) pursuant to any agreement with any Governmental Entity entered into, and as in effect, prior to the Closing, taxes on gains, alternative minimum taxes, estimated taxes, payroll taxes, employee withholding taxes, unemployment insurance taxes, social security taxes, welfare taxes, disability taxes, severance taxes, license charges, taxes on stock, sales taxes, harmonized sales taxes, use taxes, ad valorem taxes, value added taxes, excise taxes, goods and services taxes, franchise taxes, gross receipts taxes, occupation taxes, real or personal property taxes, land transfer taxes, stamp taxes, environmental taxes, transfer taxes, workers’ compensation taxes, windfall taxes, net worth taxes and other taxes of the same or of a similar nature to any of the foregoing and shall include any liability for such amounts under applicable Law as a result of being a transferee or successor.

(ooo) “Tax Returns” means all tax returns, declarations, statements, reports, schedules, forms and information returns and any amendments to any of the foregoing relating to Taxes.

(ppp) “Taxing Authority” means the IRS and any other domestic or foreign Governmental Entity responsible for the administration or collection of any Taxes, including any national, federal, state and local Governmental Entity with such responsibility.

(qqq) “Total Indebtedness” means (without duplication) the amount (expressed as a positive number) equal to the sum of (i) all obligations for borrowed money of the Acquired Companies on a combined basis, (ii) any other obligations owed by an Acquired Company under any credit agreement or facility, or evidenced by any note, bond, debenture or other debt security or instrument made or issued by such Acquired Company, (iii) all obligations for the deferred purchase price of property or services with respect to which an Acquired Company is liable (but shall not include any purchase order commitments, any accounts payable, accruals for expenses and other similar obligations), (iv) all capitalized lease obligations of an Acquired Company to the extent classified as such in accordance with GAAP, (v) obligations under any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate cap, swap or collar agreement or other similar agreement designed to protect against fluctuations in interest rates or other currency fluctuations or commodity hedging transactions, (vi) in the nature of a guaranty of any of the obligations described in clauses (i) through (v) above of another Person, and (vii) all interest, premium and prepayment penalties due and payable in respect of any of the foregoing, in each case (A) measured as of the time immediately prior to the consummation of, and without giving effect to, the transactions contemplated hereby (but only if and to the extent the foregoing are retained by the Acquired Companies immediately following the Closing), (B) determined in accordance with the methodology used in the preparation of Schedule 9.2(7) of the Seller Disclosure Schedules, and otherwise in accordance with GAAP, (C) adjusted for the relevant ownership of each Acquired Company by the Company, and (D) excluding any items taken into account in the definition of Net Working Capital; provided that to the extent that there is any conflict between the provisions of this definition, the application of GAAP and Schedule 9.2(7) of the Seller Disclosure Schedules, the provisions of this definition shall control; provided, further, and notwithstanding anything to the contrary in this Agreement, the regulatory charge liability from the Concession Agreement – Reserva Global de Reversão (RGR) shall be deemed as part of the Total Indebtedness of the Acquired Companies for purposes of calculating Total Indebtedness as of the Deemed Closing Time and not, for the avoidance of doubt, for purposes of the June Total Indebtedness. The categories of indebtedness set forth in clauses (i) through (vii) above are referred to as “Indebtedness” in this Agreement.

(rrr) “Transfer Taxes” means any and all transfer Taxes (excluding Taxes measured in whole or in part by net income), including sales, use, excise, goods and services, stock, conveyance, gross receipts, registration, business and occupation, securities transactions, real estate, land transfer, stamp, documentary, notarial, filing, recording, permit, license, authorization and similar Taxes.

(sss) “Virtual Data Room” means the virtual data room containing documents and information relating to, among other things, the Acquired Companies and their respective businesses and the Company Shares, made available by the Company in electronic form to Purchaser.

(tt) “Willful Breach” means a breach or failure to perform that is a consequence of an act or a failure to act by a party with the actual knowledge that the taking of such act or failure to act would, or both, result in a breach of this Agreement.

9.3 Interpretation. In this Agreement, unless otherwise specified, the following rules of interpretation apply:

(a) references to Sections, Schedules, Annexes, Exhibits and Parties are references to sections or sub-sections, schedules, annexes and exhibits of, and parties to, this Agreement;

(b) the section and other headings contained in this Agreement are for reference purposes only and do not affect the meaning or interpretation of this Agreement;

(c) words importing the singular include the plural and vice versa;

(d) references to the word “including” do not imply any limitation;

(e) the words “hereof,” “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

(f) references to “\$” or “dollars” refer to United States dollars; and

(g) the term “material” when used with respect to the Company, means material to the Acquired Companies, taken as a whole, and when used with respect to Purchaser means material to Purchaser and its Subsidiaries, taken as a whole.

## ARTICLE X

### GENERAL PROVISIONS

10.1 Notices. All notices, requests and other communications to any Party hereunder shall be in writing (including electronic facsimile transmission) and shall be given by delivery in person, by an internationally recognized overnight courier service, by facsimile or certified mail (postage prepaid, return receipt requested) or by email, receipt confirmed via reply of the intended recipient (other than an automatically generated response or confirmation) (with a confirmation copy to be given by delivery in person or internationally recognized courier service or certified mail) to such Party at the following addresses (or at such other address or electronic facsimile number for a Party as shall be specified in a notice given in accordance with this Section 10.1):

(a) if to Purchaser or, after the Closing, to the Company, to:

China Three Gorges (Luxembourg) Energy S.a.r.l.  
40, Avenue Monterey  
L-2163 Luxembourg  
Attention: Yinsheng Li  
Email: li\_yinsheng@ctgpc.com.cn

with a copy to:

White & Case LLP  
1155 Avenue of the Americas  
New York, New York, 10036  
Attention: Oliver Brahmst  
Facsimile No.: (212) 354-8113  
Email: obrahmst@whitecase.com

and

White & Case LLP  
Av. Brig. Faria Lima  
2.277 - 4th Floor  
São Paulo  
01452-000  
Attention: John Anderson  
Facsimile No.: +55 11 3147 5611  
Email: janderson@whitecase.com

(b) if to Seller or, after the Closing, to the Company, to:

Duke Energy International Group S.a.r.l. OR Duke Energy  
International Brazil Holdings S.a.r.l.  
c/o Duke Energy Corporation  
550 South Tryon Street, DEC-45A  
Attention: Greer Mendelow, Deputy General Counsel  
Facsimile No.: 980-373-9962  
Email: Greer.Mendelow@duke-energy.com

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
1440 New York Avenue, N.W.  
Washington, DC 20005  
Attention: Pankaj K. Sinha, Esq.  
Facsimile No.: 202-661-8238

Email: Pankaj.Sinha@skadden.com

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and if such day is a Business Day. Otherwise, any such notice, request or other communication shall be deemed not to have been received until the next succeeding Business Day.

10.2 Amendments and Waivers. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each Party to this Agreement, or in the case of a waiver, by the Party against whom the waiver is to be effective. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. No failure or delay by any Party in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof, preclude any other or further exercise thereof or the exercise of any other right.

10.3 Assignment; Binding Effect. Except as contemplated by the Restructuring Transactions, this Agreement may not be assigned by a Party by operation of Law or otherwise without the express written consent of the other Party, and any attempt to assign this Agreement without such consent shall be void and of no effect. Notwithstanding the foregoing, (a) Purchaser may assign this Agreement or its rights and obligations under this Agreement, in whole or in part, to one or more Affiliates or one or more of its designees or co-investors (including the right to acquire and receive any portion or all of the Company Shares directly from Seller at Closing, as directed by Purchaser); provided, however, that no such assignment shall relieve Purchaser of any of its obligations hereunder, and (b) Purchaser or any such Affiliate or designee or co-investor may collaterally assign its rights hereunder to its financing sources and lenders. Notwithstanding the foregoing, if such an assignment occurs, Purchaser shall notify Seller in writing thereof and Seller acknowledges and agrees that Purchaser shall have the sole right to exercise any and all rights of any such assignee under or in connection with this Agreement, including, without limitation, (i) any consent to any amendment, supplement or modification of this Agreement, (ii) the granting of any waivers or consents, (iii) the determination of whether all of the conditions precedent to the obligations of Purchaser to consummate the transactions contemplated by this Agreement have been satisfied (or whether any unsatisfied condition precedent shall be waived such that Purchaser shall be obligated to consummate the transactions contemplated by this Agreement) and (iv) whether to terminate this Agreement in any circumstance in which Purchaser is entitled to terminate this Agreement pursuant to its terms. In addition, notwithstanding the foregoing, Seller may conclusively rely upon, without independent verification or investigation, all decisions made by and all actions taken or omitted to be taken by Purchaser on behalf of any assignee pursuant to or under this Agreement, whether or not Purchaser assigns any of its rights or obligations hereunder to one or more of its Affiliates or designees or co-investors. Subject to the preceding sentences,

this Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective successors and assigns (including, for the avoidance of doubt, successor(s) or assign(s) of Seller as a result of the Restructuring Transactions).

10.4 Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York, without regard to the conflict of laws rules thereof.

(b) All actions or proceedings arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement shall be heard and determined exclusively in any federal court sitting in the Borough of Manhattan of The City of New York; provided, however, that if such federal court does not have jurisdiction over such action or proceeding, such action or proceeding shall be heard and determined exclusively in any state court sitting in the Borough of Manhattan of The City of New York. Consistent with the preceding sentence, the Parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or New York state court sitting in the Borough of Manhattan of The City of New York for the purpose of any action or proceeding arising out of or relating to this Agreement brought by any Party, (ii) irrevocably waive, and agree not to assert by way of motion, defense or otherwise, in any such action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the action or proceeding is brought in an inconvenient forum, that the venue of the action or proceeding is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts and (iii) irrevocably consent to and grant any such court exclusive jurisdiction over the Person of such Parties and over the subject matter of such action or proceeding and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 10.1 or in such other manner as may be permitted by applicable Law shall be valid and sufficient service thereof.

(c) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY ACTION OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH (i) THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR (ii) ANY FINANCING WHETHER NOW EXISTING OR HEREAFTER PROVIDED OR COMMITTED TO BE PROVIDED. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF ACTION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN

INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION 10.4(c).

10.5 Specific Performance. The Parties recognize and agree that if for any reason any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached, immediate and irreparable harm or damage would be caused for which money damages would not be an adequate remedy. Accordingly, each Party agrees that, in addition to any other available remedies, each Party shall be entitled to seek to enforce specifically the terms and provisions of this Agreement or to seek an injunction restraining any breach or violation or threatened breach or violation of any of the provisions of this Agreement without the necessity of posting a bond or other form of security. In the event that any action or proceeding should be brought in equity to enforce the provisions of this Agreement, no Party shall allege, and each Party hereby waives the defense, that there is an adequate remedy at Law.

10.6 Waiver.

(a) It is acknowledged by the Parties that Seller and the Company have used or retained the counsel set forth in Schedule 10.6 of the Seller Disclosure Schedules to act as their counsel in connection with the transactions contemplated by this Agreement ("Seller Counsels") and that Seller Counsels have not acted as counsel for any other Person in connection with the transactions contemplated by this Agreement for conflict of interest or any other purposes. Purchaser agrees that any attorney-client privilege and the expectation of client confidence attaching as a result of Seller Counsels' representation of Seller and the Company related to the preparation for, and negotiation and consummation of, the transactions contemplated by this Agreement, including all communications among Seller Counsels and Seller, the Acquired Companies and/or their respective Affiliates in preparation for, and negotiation and consummation of, the transactions contemplated by this Agreement, shall survive the Closing and shall remain in effect. Furthermore, effective as of the Closing, (i) all communications (and materials relating thereto) between the Acquired Companies, on the one hand, and Seller Counsels or any other legal counsel or financial advisor, on the other hand, related to the preparation for, and negotiation and consummation of, the transactions contemplated by this Agreement are hereby assigned and transferred to Seller, (ii) the Acquired Companies hereby release all of their rights and interests to and in such communications and related materials and (iii) the Acquired Companies hereby release any right to assert or waive any privilege related to the communications referenced in this Section 10.6; except, in each case, with respect to or in connection with any request by Governmental Entities, provided that Purchaser shall have used commercially reasonable efforts to resist such request.

(b) Purchaser agrees that, notwithstanding any current or prior representation of the Acquired Companies by Seller Counsels, Seller Counsels shall be allowed to

represent Seller or any of its Affiliates in any matters and disputes adverse to Purchaser and/or the Acquired Companies that either is existing on the date hereof or arises in the future and relates to this Agreement and the transactions contemplated hereby; and Purchaser and the Acquired Companies hereby waive any conflicts or claim of privilege that may arise in connection with such representation. Further, Purchaser agrees that, in the event that a dispute arises after the Closing between Purchaser or the Company and Seller or any of its Affiliates, Seller Counsels may represent Seller or its Affiliate in such dispute even though the interests of Seller or its Affiliate may be directly adverse to Purchaser or the Acquired Companies and even though Seller Counsels may have represented the Acquired Companies in a matter substantially related to such dispute.

(c) Purchaser acknowledges that any advice given to or communication with Seller or any of its Affiliates (other than the Acquired Companies) by Seller Counsels shall not be subject to any joint privilege and shall be owned solely by Seller or its Affiliates; except, in each case, with respect to or in connection with any request by Governmental Entities, provided that Purchaser shall have used commercially reasonable efforts to resist such request. Purchaser hereby acknowledges that it has had the opportunity to discuss and obtain adequate information concerning the significance and material risks of, and reasonable available alternatives to, the waivers, permissions and other provisions of this Agreement, including the opportunity to consult with counsel other than Seller Counsels.

#### 10.7 Entire Agreement; Severability.

(a) This Agreement, the Disclosure Schedules, the Seller Guaranty, the Purchaser Guaranty and the Confidentiality Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both oral and written, between the Parties with respect to the subject matter hereof and thereof.

(b) If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all of the other terms and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order for the transactions contemplated by this Agreement to be consummated as originally contemplated to the greatest extent possible.

10.8 Disclosure Schedules. There may be included in the Seller Disclosure Schedules or the Purchaser Disclosure Schedules (collectively, the "Disclosure Schedules") items and information, the disclosure of which is not required either in response to an express disclosure



requirement contained in a provision hereof or as an exception to one or more representations or warranties contained in Article II, Article III or Article IV or to one or more covenants contained in Article V. Inclusion of any items or information in the Disclosure Schedules shall not be deemed to be an acknowledgment or agreement that any such item or information (or any non-disclosed item or information of comparable or greater significance) is “material” or constitutes a Company Material Adverse Effect or to affect the interpretation of such term for purposes of this Agreement. The Disclosure Schedules set forth items of disclosure with specific reference to the particular Section and/or subsection of this Agreement to which the items or information in such Disclosure Schedules relates; provided, however, that any information set forth in one section or subsection pertaining to the representations, warranties and covenants of the Seller Disclosure Schedules or the Purchaser Disclosure Schedules, as the case may be, shall be deemed to apply to each other section or subsection thereof pertaining to representations, warranties and covenants to the extent that it is reasonably apparent on its face that it is relevant to such other sections or subsections of the Seller Disclosure Schedules or the Purchaser Disclosure Schedules, as the case may be. Any action taken by Seller or an Acquired Company in compliance with the covenants set forth in Sections 5.1(a)(ii) through (xvi) (including if the actions set forth in Sections 5.1(a)(ii) through (xvi) are taken with Purchaser’s prior written consent) shall be deemed to automatically update the relevant sections of the Seller Disclosure Schedules (corresponding to ARTICLE II and ARTICLE III hereof) for all purposes under this Agreement.

10.9 No Third Party Beneficiaries. Except as provided in Section 5.7, this Agreement shall be binding upon and inure solely to the benefit of the Parties and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other Person other than Seller, Purchaser and their respective successors and permitted assigns, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

10.10 Expenses. Except as otherwise set forth in this Agreement, all costs and expenses (including fees and expenses of counsel and financial advisors) incurred in connection with this Agreement or the transactions contemplated hereby shall be paid by the Party incurring such costs or expenses, whether or not the Closing shall have occurred, except that costs incurred by the Acquired Companies in connection with all filing and court fees shall be shared one-half by Seller and one-half by Purchaser.

10.11 Currency. All amounts payable to or by any Party under this Agreement shall be paid in United States dollars, unless otherwise expressly specified. All amounts set forth in this Agreement are denominated in United States dollars unless otherwise expressly specified. In the event any conversion between United States dollars and another currency is required in connection with this Agreement for any reason, other than as otherwise specified in this Agreement or the Seller Disclosure Schedules, such conversion shall be based on the average of the exchange rates for such

conversion published in *The Wall Street Journal* on each of the five (5) Business Days preceding October 8, 2016 or such other day on which this Agreement or the Disclosure Schedules specify such conversion is to be calculated (provided that it is acknowledged that the Seller Disclosure Schedules were prepared based on the average of the exchange rates for such conversion published in *The Wall Street Journal* on each of the five (5) Business Days preceding March 31, 2016). If *The Wall Street Journal* is not published on the Business Day in question, then the exchange rate published in *The New York Times* on such Business Day shall be used or, if neither *The Wall Street Journal* nor *The New York Times* is published on such Business Day, then the exchange rate quoted on such Business Day, or quoted on the nearest Business Day preceding such Business Day, by Citibank, N.A. (or its successor) in New York City, New York, shall be used.

10.12 Sovereign Immunity Waiver. Purchaser acknowledges and agrees that the transactions contemplated by the provisions of this Agreement are commercial in nature rather than governmental or public, and acknowledges and agrees that it is not entitled to any right of immunity on the grounds of sovereignty or otherwise with respect to such activities or in any legal action or proceeding arising out of or relating to this Agreement in respect of itself or its properties and revenues. Purchaser expressly and irrevocably waives any right of immunity which may now or hereafter exist (including any immunity from any legal process, from the jurisdiction of any court or from any attachment prior to judgment, attachment in aid of execution, execution or otherwise), and agrees not to assert, and to ensure that no person asserts on its behalf, any such right or claim in any such action or proceeding, whether in the United States of America or otherwise.

10.13 Counterparts. This Agreement may be executed and delivered (including by facsimile or other electronic transmission) in one or more counterparts, and each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. The facsimile or other electronic transmission of any signed original counterpart of this Agreement shall be deemed to be the delivery of an original counterpart of this Agreement.

10.14 Acknowledgment. The Company hereby acknowledges the sale and purchase of the Company Shares under the terms and conditions of this Agreement for the purposes of article 190 of the Luxembourg law on commercial companies dated 10 August 1915, as amended, and of article 1690 of the Luxembourg civil code.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

**DUKE ENERGY INTERNATIONAL GROUP S.À R.L.**

By: /s/ Armando De Azevedo Henriques

---

Name: Armando De Azevedo Henriques

Title: Category A Manager

By: /s/ Xavier De Cillia

---

Name: Xavier De Cillia

Title: Category B Manager

**DUKE ENERGY INTERNATIONAL BRAZIL HOLDINGS  
S.À.R.L.**

By: /s/ Armando De Azevedo Henriques

---

Name: Armando De Azevedo Henriques

Title: Category A Manager

By: /s/ Xavier De Cillia

---

Name: Xavier De Cillia

Title: Category B Manager

---

**CHINA THREE GORGES (LUXEMBOURG) ENERGY  
S.A.R.L.**

By: /s/ Li Yinsheng

---

Name: Li Yinsheng

Title: Proxy Holder of Manager Class B

Exhibit 2.2

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**PURCHASE AND SALE AGREEMENT**

**by and among**

**DUKE ENERGY BRAZIL HOLDINGS II, C.V.,**

**DUKE ENERGY INTERNATIONAL URUGUAY INVESTMENTS SRL,**

**DUKE ENERGY INTERNATIONAL GROUP S.A.R.L.,**

**DUKE ENERGY INTERNATIONAL ESPAÑA HOLDINGS SL,**

**DUKE ENERGY INTERNATIONAL INVESTMENTS NO. 2 LTD.,**

**ISQ ENERLAM AGGREGATOR, L.P.**

**and**

**ENERLAM (UK) HOLDINGS LTD.**

**Dated as of October 10, 2016**

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## PURCHASE AND SALE AGREEMENT

This PURCHASE AND SALE AGREEMENT (this "Agreement"), dated as of October 10, 2016, is entered into by and among Duke Energy Luxembourg IV, S.a.r.l., a Luxembourg société à responsabilité limitée ("DEL IV"), in its capacity as general partner for and on behalf of Duke Energy Brazil Holdings II, C.V., a limited partnership formed under the laws of the Netherlands ("DEBH II"), Duke Energy International Uruguay Investments SRL, a Uruguay entity ("DEI Uruguay" and each of DEBH II and DEI Uruguay, a "Seller," and together, "Sellers"), Duke Energy International Group S.a.r.l., a Luxembourg société à responsabilité limitée ("DEIG"), Duke Energy International España Holdings SL, a Spain sociedad limitada ("DEI España"), Duke Energy International Investments No. 2 Ltd., a Bermuda exempted company ("DEI No. 2" and each of DEIG, DEI España, and DEI No. 2, a "Company," and together, the "Companies"), ISQ Enerlam Aggregator, L.P., a limited partnership organized under the laws of the Cayman Islands ("Purchaser 1") and Enerlam (UK) Holdings Ltd., a United Kingdom private limited company ("Purchaser 2" and together with Purchaser 1 "Purchasers"). Each of Sellers, Purchasers and the Companies is sometimes referred to individually herein as a "Party" and collectively as the "Parties." Certain other terms are defined throughout this Agreement and in Section 9.2.

### WITNESSETH:

WHEREAS, Sellers own all of the Company Shares;

WHEREAS, Purchasers desire to purchase from Sellers, and Sellers desire to sell to Purchasers, all of the Company Shares owned by each such Seller, upon the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the Companies own, directly or indirectly, the Equity Interests in the Company Subsidiaries set forth in Schedule 3.5(a) of the Seller Disclosure Schedules and the Equity Interests in the Project Companies set forth in Schedule 3.5(b) of the Seller Disclosure Schedules having operations in Argentina, Chile, Ecuador, El Salvador, Guatemala and Peru (the "Relevant Countries");

WHEREAS, Purchaser 1 anticipates that it will assign all of its rights and delegate all of its obligations under this Agreement to (x) Enerlam Peru S.A.C., a Peru sociedad anónima cerrada ("PeruCo"), and (y) Enerlam (España) Holdings S.R.L., a Spain sociedad de responsabilidad limitada ("SpainCo"), and Sellers are willing to permit such assignment and delegation on the terms and conditions set forth in the Purchaser Assignment (as defined below), so that following the effective date of the Purchaser Assignment, for all purposes of this Agreement, PeruCo will be "Purchaser 1", SpainCo will be "Purchaser 2", the former Purchaser 2 will become "Purchaser 3" and Purchaser 1, Purchaser 2 and Purchaser 3, as then constituted, will collectively be the "Purchasers";

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WHEREAS, Purchaser Guarantor, simultaneously with the execution and delivery of this Agreement, has agreed pursuant to a Guaranty, dated as of the date hereof, by Purchaser Guarantor in favor of Sellers (the "Purchaser Guaranty") in the form attached hereto as Exhibit A to guarantee the obligations of Purchasers under this Agreement; and

WHEREAS, Sellers Guarantor, simultaneously with the execution and delivery of this Agreement, has agreed pursuant to a Guaranty, dated as of the date hereof, by Sellers Guarantor in favor of Purchasers (the "Sellers Guaranty") in the form attached hereto as Exhibit C to guarantee the obligations of Sellers under this Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants, representations and warranties made in this Agreement and of the mutual benefits to be derived therefrom, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties to this Agreement, intending to be legally bound, agree as follows:

## ARTICLE I

### SALE AND PURCHASE OF SHARES

1.1 Sale and Purchase of Shares. Upon the terms and subject to the conditions of this Agreement, at the Closing, each Purchaser shall purchase and accept from each Seller, and each Seller shall sell and convey to each Purchaser, the number of the Company Shares set forth opposite such Seller's name in Schedule 1.1 of the Seller Disclosure Schedules, which in the aggregate constitute 100% of the outstanding Company Shares, free and clear of all Liens (the "Transaction").

1.2 Purchase Price. The consideration to be paid by Purchasers to Sellers in respect of the purchase of the Company Shares shall be an amount in cash equal to the sum of EIGHT HUNDRED NINETY MILLION DOLLARS (\$890,000,000.00) and the Estimated Adjustment Amount (together, the "Estimated Purchase Price"), subject to adjustment as determined pursuant to Section 1.6 (as adjusted, the "Purchase Price"). The Purchase Price shall be allocated to each Seller in accordance with the percentages set forth on Schedule 1.2 of the Seller Disclosure Schedules (such percentage, each Seller's "Allocable Portion"), and shall be reduced by the applicable withholding Taxes determined in accordance with Section 1.5(b).

1.3 Closing. The closing of the Transaction (the "Closing") shall take place at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036, at 10:00 a.m., New York time, as soon as practicable, but in any event not later than the fifteenth (15<sup>th</sup>) Business Day immediately following the date on which the last of the conditions contained in ARTICLE VI is fulfilled or waived (except for those conditions which by their nature can only be fulfilled at the Closing, but subject to the fulfillment or waiver of such



conditions), or at such other place, time and date (the “Closing Date”) as the Parties may agree. The Closing shall be deemed to have occurred for all purposes at 12:01 a.m. New York time on the Closing Date. All actions listed in Section 1.4 that occur on the Closing Date shall be deemed to occur simultaneously at the Closing.

1.4 Closing Deliveries. At the Closing:

(a) Sellers shall provide to Purchasers the original shareholders register of each Company duly updated to evidence the transfer of the Company Shares to Purchasers or such other documentation as may be reasonably required under applicable Law to evidence the transfer of the Company Shares to Purchasers.

(b) Sellers shall provide a copy of the minutes of the general meeting of the shareholders of DEIG approving the transfer of the Company Shares of DEIG to Purchasers.

(c) Purchasers shall pay to each Seller an amount in cash equal to such Seller’s Allocable Portion of the Estimated Purchase Price (such amount being subject to further adjustment pursuant to Section 1.6) for the Company Shares delivered by the applicable Seller, by wire transfer of immediately available funds to the bank account or accounts designated by each Seller at least five (5) Business Days prior to the Closing; provided that the Tax Basis Certificates shall have been obtained as set forth in Section 6.3(f) at least five (5) Business Days prior to the expected Closing Date. If the Tax Basis Certificates have not been so obtained by such date, then no later than two (2) Business Days following such date, Sellers and Purchasers shall execute the Basis Certificate Escrow Agreement, and, on the Closing Date, Purchasers shall pay the Estimated Purchase Price into the Basis Certificate Escrow Account.

(d) To the extent permitted by Law, Sellers shall deliver to Purchasers the resignations or removals of the officers and directors and other persons set forth in Schedule 1.4 of the Seller Disclosure Schedules, each to be effective as of the Closing Date, from their position as officer or director, or other position as set forth opposite the name of such officer, director or person in Schedule 1.4 of the Seller Disclosure Schedules.

(e) Subject to Section 5.20, each Party shall deliver a counterpart of the Transition Services Agreement, duly executed on behalf of such Party or its Affiliates, as applicable.

(f) Sellers shall deliver to Purchasers a deed of adherence, in form and substance reasonably agreeable to both Parties, to be executed by a Spanish notary public, and take all such other actions and execute and deliver all such documents or instruments as may be required under the Laws of Spain to validly transfer to Purchasers of all of the Equity Interests in DEI España.

(g) Each Party shall deliver such other documents and instruments required to be delivered by it pursuant to

ARTICLE VI.

1.5 Estimated Adjustment Amount.

(a) Not less than fourteen (14) Business Days prior to the expected Closing Date, Sellers shall deliver to Purchasers a written statement (the "Estimated Adjustment Amount Statement") setting forth Sellers' good faith calculation of the estimate of the Adjustment Amount as of the expected Closing Date (the "Estimated Adjustment Amount"), which estimate shall be based on Sellers' review of the financial information of the Acquired Companies then available to Sellers and shall be used in determining the payment of the Purchase Price referred to in Section 1.2. Commencing with Sellers' delivery of the Estimated Adjustment Amount Statement, Purchasers shall have reasonable access to the books and records and personnel of the Acquired Companies and the reasonable opportunity to consult with Sellers and their respective Representatives for purposes of evaluating the Estimated Adjustment Amount Statement. If Purchasers shall reasonably disagree, in good faith, with any item set forth in the Estimated Adjustment Amount Statement or used to determine the Estimated Adjustment Amount, then Purchasers shall deliver written notice of such disagreement to Sellers no later than five (5) Business Days following delivery of the Estimated Adjustment Amount Statement and Purchasers and Sellers shall work, in good faith, to reach agreement on such disputed items. In no event shall any discussions or communications between Sellers and Purchasers, if any, with respect to any of Purchasers' disagreements to the Estimated Adjustment Amount Statement under this Section 1.5(a) delay the Closing. In the event that Purchasers and Sellers do not agree to any adjustment to the Estimated Adjustment Amount Statement, then the Estimated Adjustment Amount Statement delivered by Sellers shall constitute the Estimated Adjustment Amount. Notwithstanding the foregoing, Purchasers' agreement with the Estimated Adjustment Amount (or any item set forth in the Estimated Adjustment Amount Statement) shall not foreclose, prevent, limit or preclude any rights or remedy of Purchasers set forth in this Agreement.

(b) Notwithstanding any other provision of this Agreement (but subject to Section 1.6(e) and Section 8.6(c)), any Party making a payment pursuant to this Agreement shall be entitled to deduct and withhold (or cause to be deducted and withheld) from such payment such amounts as may be required to be deducted or withheld therefrom under applicable Tax Law; provided, however, that prior to making such deduction or withholding, the Party proposing to do so must provide written notice to the other Party at least twenty (20) Business Days prior to the applicable date of payment of the reason and amount (including the calculation of such proposed amount and supporting data) of such withholding, and shall reasonably cooperate with such other Party in order to reduce, limit or avoid such deduction or withholding to the maximum extent permissible under applicable Law, including by affording the Party in

respect of whom such withholding is proposed the opportunity to provide such Tax forms or other documentation that would eliminate or reduce the amount to be so withheld. Any amounts deducted or withheld in accordance with the preceding sentence shall be timely remitted to the applicable Taxing Authority, and any amounts so deducted or withheld and remitted shall be treated for all purposes of this Agreement as having been paid to the Person in respect of whom such deduction and withholding was made; provided, however, that the Party making any such deduction or withholding shall furnish to the other Party official receipts (or copies thereof) evidencing the payment of any such Taxes to the applicable Taxing Authority. Purchasers and Sellers shall agree at least five (5) Business Days prior to the Closing on the amount of any withholding tax required to be withheld from the Estimated Purchase Price and any other payments to be paid at Closing. Purchasers and Sellers shall agree on the amount of any withholding Tax required to be withheld from any Post-Closing Payment at least five (5) Business Days prior to the date such payment is payable. Notwithstanding the foregoing, if the Parties fail to agree, notwithstanding their good faith efforts, on the amount of any required withholding for Tax, each Party shall be entitled to withhold Tax that it in good faith determines (based on the advice of its Tax advisors) is required by applicable Law to be withheld from any payment due to the other Party and shall promptly remit the same to the applicable Taxing Authority; provided, however, that upon Sellers' written request, Purchasers shall withhold Peruvian Taxes in connection with the sale of the Company Shares pursuant to this Agreement (including those Peruvian Taxes attributable to any deemed or indirect transfer of an interest in any Acquired Company triggered by the sale of the Company Shares) solely in the amount determined and indicated by Sellers based on the advice of their Tax advisors (including if such amount is zero). Sellers shall reimburse Purchasers for all reasonable costs and expenses incurred or required to be paid by Purchasers in connection with any escrow arrangement for such Peruvian Taxes, promptly and in any event within ten (10) Business Days after Purchaser Representative delivers to Sellers a reasonably detailed invoice for such costs and expenses.

#### 1.6 Post-Closing Payment.

(a) As promptly as practicable, and in any event not later than ninety (90) days after the Closing Date, Purchasers shall prepare and deliver to Sellers a written statement (the "Adjustment Amount Statement") setting forth in reasonable detail Purchasers' calculation of the Adjustment Amount as of the Closing Date, as derived from Purchasers' review of the financial information and other books and records of the Acquired Companies and, based thereon, a statement of Purchasers' calculation of the Post-Closing Payment.

(b) Purchasers and the Companies shall cooperate and provide Sellers and their respective Representatives reasonable access to Purchasers' and the Acquired Companies' respective employees, officers and facilities and Purchasers' and the Acquired Companies' respective books and records during normal business hours as is reasonably

necessary to allow Sellers and their respective Representatives to review the Adjustment Amount Statement.

(c) Sellers may, in good faith, reasonably dispute the Adjustment Amount Statement by delivery of written notice thereof (a "Dispute Notice") to Purchasers within sixty (60) days following receipt by Sellers of the Adjustment Amount Statement. The Dispute Notice shall set forth in reasonable detail all items disputed by Sellers, together with Sellers' proposed changes thereto, including an explanation in reasonable detail of the basis on which Sellers propose such changes. If (i) by written notice to Purchasers, Sellers accept the Adjustment Amount Statement or (ii) Sellers fail to deliver a Dispute Notice within the prescribed sixty-day (60-day) period (which failure shall result in Sellers being deemed to have agreed to the Adjustment Amount Statement delivered by Purchasers), the Adjustment Amount Statement delivered by Purchasers, and the Adjustment Amount reflected therein, shall become final and binding on Sellers and Purchasers as of the date on which the earlier of the foregoing events occurs. In the event of a dispute, the undisputed portion, if any, of the Post-Closing Payment shall be paid in accordance with Section 1.6(e) within five (5) Business Days following the date on which the amount of such undisputed portion was determined in accordance with this Section 1.6(c).

(d) If Sellers have timely delivered a Dispute Notice, then Purchasers and Sellers shall use Reasonable Best Efforts to reach agreement on the matters identified in the Dispute Notice. If, by the thirtieth (30<sup>th</sup>) day following Purchasers' receipt of the Dispute Notice, Purchasers and Sellers have not agreed in writing to the resolution of any of the matters identified in the Dispute Notice, then such unresolved matters shall be submitted to the Independent Accountants to resolve such matters specified in the Dispute Notice that remain in dispute in accordance with the procedures set forth in this Section 1.6(d). Purchasers and Sellers shall instruct the Independent Accountants to prepare and deliver a revised Adjustment Amount Statement (including the calculation of the Post-Closing Payment) to Purchasers and Sellers within thirty (30) days (or such longer period as may be reasonably required by the Independent Accountants) of the referral of such dispute to the Independent Accountants, taking into account all items not in dispute between Purchasers and Sellers (to be included in the revised Adjustment Amount Statement in the amounts agreed by Purchasers and Sellers) and those unresolved items requested by Purchasers and Sellers to be resolved by the Independent Accountants. Purchasers and Sellers shall furnish or cause to be furnished to the Independent Accountants access to such employees, officers, and facilities and such books and records relating to the disputed items as the Independent Accountants may reasonably request. The fees and expenses of the Independent Accountants shall be borne fifty percent (50%) by Sellers, on the one hand, and fifty percent (50%) by Purchasers, on the other hand. The revised Adjustment Amount Statement (including the calculation of the Adjustment Amount and the Post-Closing Payment reflected therein) delivered by the Independent Accountants shall be final and binding upon Purchasers and

Sellers; provided, however, that in no event shall (i) Purchasers be obligated to make any payment to Sellers under Section 1.6(e) in excess of the amount that would have been payable using Purchasers' calculation of the Post-Closing Payment as set forth in the Adjustment Amount Statement delivered by Purchasers, but taking into account the changes proposed by Sellers set forth in the Dispute Notice or (ii) Sellers be obligated to make any payment to Purchasers under Section 1.6(e) in excess of the amount that would have been payable using Purchasers' calculation of the Post-Closing Payment as set forth in the Adjustment Amount Statement delivered by Purchasers. The Independent Accountants shall act as an expert, not as an arbitrator.

(e) If the Post-Closing Payment is a negative amount, then Purchasers shall pay to each Seller its Allocable Portion of the Post-Closing Payment, reduced by the applicable withholding Taxes determined in accordance with Section 1.5(b); provided, however, that Purchasers and Sellers shall cooperate in good faith to mitigate to the extent possible any such withholding Taxes; provided, further, that if such Post-Closing Payment implies a reduction of the Purchase Price subject to Peruvian Taxes, Purchasers will reasonably cooperate with Sellers in order for Sellers to obtain a refund of any excess Peruvian Taxes paid or withheld. If the Post-Closing Payment is a positive amount, then each Seller shall pay to Purchasers the Post-Closing Payment, reduced by the applicable withholding Taxes determined in accordance with Section 1.5(b); provided, however, that Purchasers and Sellers shall cooperate in good faith to mitigate to the extent possible any such withholding Taxes. The Parties shall remit any Taxes withheld from any Post-Closing Payment and provide evidence thereof in accordance with Section 1.5(b). Each payment (if any) required by this Section 1.6(e) shall be made within five (5) Business Days following the date the Post-Closing Payment is deemed to be finally determined pursuant to this Section 1.6, except to the extent any payment in respect of undisputed amounts has been paid pursuant to Section 1.6(c). All payments required to be made pursuant to this Section 1.6 shall be made by wire transfer of immediately available funds to the bank account or accounts designated by the Party or Parties receiving such payment at least five (5) Business Days prior to the date such payment is due; provided, however, that if the Post-Closing Payment is a negative amount and the Tax Basis Certificates have not been obtained at least five (5) Business Days prior to the date such payment is due (such that they are valid), Purchasers shall pay such Post-Closing Payment into the Basis Certificate Escrow Account.

(f) Purchasers and Sellers agree to treat, and to cause their respective Affiliates to treat, for all Tax purposes, any payment made under this Section 1.6, to the maximum extent permitted by applicable Law, as an adjustment to the Purchase Price.

#### 1.7 Purchase Agreement Deposit.

(a) In consideration of the time and expense of Sellers and the Companies in negotiating and executing this Agreement, Purchasers have agreed to provide a deposit of EIGHTY-NINE MILLION DOLLARS (\$89,000,000) (the "Purchase Agreement Deposit") which will be funded, held, retained or released as provided in this Section 1.7. The Purchase Agreement Deposit shall be funded by delivery to Sellers of one or more irrevocable standby letters of credits issued by Citibank N.A. (the "Issuer") substantially in the form set forth in Exhibit E attached hereto with an expiry date no sooner than 190 days after the date of this Agreement (each a "Deposit LC"), which provides, among other things, that Sellers may draw against the Deposit LC by making a demand for payment or draw thereunder (a "Draw Notice") if this Agreement is terminated pursuant to Section 7.1(e), Section 7.1(f), Section 7.1(j) or pursuant to Section 7.1(b) or Section 7.1(c), if at such time Sellers had the right to terminate this Agreement pursuant to Section 7.1(e) (disregarding any notice or cure period therein) or Section 7.1(f) (any such termination, a "Draw Event"). Purchasers shall deliver to a designee of Sellers (i) as soon as possible after the date of this Agreement, but no later than 5:00 PM Eastern Prevailing Time on Wednesday, October 12, 2016, a Deposit LC having an undrawn face amount equal to FORTY-FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS (\$44,500,000) (the "Initial Deposit LC"), and (ii) no later than 5:00 PM Eastern Prevailing Time on Friday October 14, 2016, a Deposit LC having an undrawn face amount equal to, either, at Purchasers' option, FORTY-FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS (\$44,500,000) or EIGHTY-NINE MILLION DOLLARS (\$89,000,000) (the "Supplemental Deposit LC"). If the undrawn face amount of the Supplemental Deposit LC is EIGHTY NINE MILLION DOLLARS (\$89,000,000), Seller shall promptly deliver to the Issuer a written notice terminating the Initial Deposit LC and return to Purchasers the original of the Initial Deposit LC. In the event that Purchasers fail to deliver to the designee of the Sellers the Initial Deposit LC by 5:00 PM Eastern Prevailing Time on October 13, 2016 or the Supplemental Deposit LC no later than 5:00 PM Eastern Prevailing Time on October 17, 2016, Sellers shall have the right to terminate this Agreement.

(b) Until the occurrence of a Draw Event, each Seller agrees that it will not issue a Draw Notice under any Deposit LC. Upon and at any time following the occurrence of a Draw Event, Sellers shall be authorized and entitled to deliver a Draw Notice to the Issuer under any Deposit LC and to draw and receive the full of amount of the Purchase Agreement Deposit (or the face amount of the Initial Deposit LC in the event the Initial Deposit LC has been delivered but the Supplemental Deposit LC has not been delivered; provided that, nothing in the foregoing shall limit Sellers' right to receive the full amount of the Purchase Agreement Deposit as provided in this Section 1.7.

(c) Notwithstanding any provision to the contrary contained herein, the Purchase Agreement Deposit shall be nonrefundable by Sellers except in the event that this Agreement is duly and validly terminated:

(i) by either Party pursuant to Section 7.1(a), Section 7.1(b), Section 7.1(c), Section 7.1(h) or Section 7.1(i); or

(ii) by Purchasers pursuant to Section 7.1(d) (including for the avoidance of doubt, any failure of the condition set forth in Section 6.2(e) to be satisfied) or Section 7.1(g);

provided that, in each case, (i) except for any termination pursuant to Section 7.1(a), the Party seeking to terminate this Agreement is not in material breach of any representation, warranty, covenant or agreement of that Party, such that the other Party would have the right to terminate this Agreement pursuant to Section 7.1(c), Section 7.1(d) or Section 7.1(e) (in each case, disregarding any notice or cure period therein), as applicable, and (ii) if both Parties are in breach of this Agreement at the time Purchasers seek to terminate this Agreement, the breach by Purchasers shall be disregarded for purposes of determining the right to termination.

If this Agreement is terminated under the circumstances referred to in the prior sentence (any such termination, a “Refundable Termination Event”), Sellers shall deliver written notice of cancellation to the Issuer and return to Purchasers the original of any outstanding Deposit LC. If the Closing occurs, Sellers, at their option, may either (x) issue a Draw Notice under any outstanding Deposit LC and, if drawn, Sellers shall apply the proceeds against such portion of the Estimated Purchase Price payable to such Seller at Closing or (y) return the originals of all outstanding Deposit LCs to Purchasers in exchange for a contemporaneous payment by Purchasers to Sellers of immediately available United States dollars in an aggregate amount equal to the aggregate undrawn amount of all outstanding Deposit LCs returned to Purchasers, with such payment to be applied against the portion of the Estimated Purchase Price payable to such Seller at Closing. If this Agreement is terminated under circumstances in which there is a Draw Event, Sellers may issue a Draw Notice under any outstanding Deposit LC and, if drawn, shall be entitled to the proceeds thereof as liquidated damages pursuant to Section 7.1(e).

(d) If this Agreement is terminated and Sellers would have been entitled to retain the Purchase Agreement Deposit pursuant to Section 1.7(c) but the Purchase Agreement Deposit has not been received by the Sellers (including as a result of the inability to draw on the Letter of Credit upon or after a Draw Event), then Purchasers shall pay to the Sellers or its designee an amount in cash equal to the amount of the Purchase Agreement Deposit, less any portion of the Purchase Agreement Deposit that has previously been delivered to Sellers, if any, (such amount, the “Deposit True-Up Amount”). The Deposit True-Up Amount shall be paid no later than five Business Days after any such notice of termination. If Purchasers fail to pay the Deposit True-Up Amount when due pursuant to this Section 1.7(d), then interest shall accrue on the amount of the Deposit True-Up Amount from the date such payment was required to be paid pursuant to the terms of this Agreement until the date of payment as provided in Section 10.11. In addition, if Purchasers fail to pay the Deposit True-Up Amount when due, Purchasers shall also pay to Sellers all of Sellers and its Affiliates costs and expenses (including reasonable

attorneys' fees) in connection with efforts to collect the Deposit True-Up amount and interest thereon (at the rate provided in Section 10.11).

(e) The right to retain or receive payment of the Purchase Agreement Deposit (including any Deposit True-Up Amount and costs, expenses and interests pursuant to Section 1.7(d), if any) shall be the sole and exclusive remedy of Sellers and any of their respective, direct or indirect, former, current or future general or limited partners, managers, members, stockholders, officers, directors, Affiliates, employees, representatives, agents, successors and assigns (collectively, the "Seller Related Parties") against Purchasers and any of their respective, direct or indirect, former, current or future general or limited partners, managers, members, stockholders, officers, directors, Affiliates, employees, representatives, agents, successors and assigns (collectively, the "Purchaser Related Parties"), including for any Damages or other Liability of any kind suffered as a result of any breach of any representation, warranty, covenant or agreement in this Agreement, and upon such termination and retaining or payment of the Purchase Agreement Deposit (including any Deposit True-Up Amount and costs, expenses and interests pursuant to Section 1.7(d), if any), none of the Purchasers, or any of the Purchaser Related Parties shall have any further liability or obligation relating to or arising out of this Agreement including any knowing and intentional breach of any representation, warranty, covenant or agreement by any Purchaser Related Party or the failure of the Transaction to be consummated. Notwithstanding anything herein to the contrary, if any Purchaser fails to effect the Closing for any or no reason or otherwise breaches this Agreement or fails to perform hereunder (in any case, whether willfully, intentionally, unintentionally or otherwise) the Seller Related Parties sole and exclusive remedy (whether at law, in equity, in contract, in tort or otherwise) against any Purchaser Related Party shall be to terminate this Agreement and retain or receive the Purchase Agreement Deposit (including any Deposit True-Up Amount and costs, expenses and interests pursuant to Section 1.7(d), if any) as provided in this Section 1.7. Nothing in this Section 1.7 shall limit the rights of any Seller under (and any Seller may bring Action to enforce and may recover in respect of) the Confidentiality Agreement, or Section 10.12, or any other provisions that expressly survive the termination of this Agreement.

(f) The Parties acknowledge that the agreements contained in this Section 1.7 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the Parties would not enter into this Agreement. Solely for purposes of establishing the basis for the Purchase Agreement Deposit, and without in any way increasing the amount of the Purchase Agreement Deposit or expanding the circumstances in which the Purchase Agreement Deposit may be retained or received by Sellers, it is agreed that the Purchase Agreement Deposit (including any Deposit True-Up Amount and costs and expenses and interest pursuant to Section 1.7(d), if any), is a liquidated damage, and not a penalty.

#### 1.8 Pre-Closing Restructuring.



(a) Prior to the Closing, each Seller shall use Reasonable Best Efforts to take or cause to be taken the actions set forth on Exhibit B hereto substantially in the form described thereon (collectively, the “Restructuring Transactions”).

(b) Unless otherwise expressly indicated, (i) references herein to a “Company,” including references throughout the representations and warranties (including Section 3.5 and Schedules 3.5(a), 3.5(b) and 3.5(c) of the Seller Disclosure Schedules), shall be deemed to mean such Company as it shall be constituted after consummation of the Restructuring Transactions and (ii) references in Article II and Article III to “transactions contemplated hereby” or “transactions contemplated by this Agreement” shall not be deemed to include any reference to the Restructuring Transactions. Notwithstanding any other provision contained herein to the contrary, (i) the consummation of the Restructuring Transactions shall not constitute a breach of any representation, warranty or covenant contained herein, (ii) no representation or warranty is made with respect to the Companies as constituted prior to the Restructuring Transactions or the Restructuring Transactions themselves and (iii) in no event shall the consummation of the Restructuring Transactions be deemed to cause a Company Material Adverse Effect for the purposes of this Agreement.

1.9 DEIG Shares. DEL IV, in its capacity as general partner of DEBH II, a limited partnership formed under the laws of the Netherlands, acquired and holds legal title to all DEIG Shares for and on behalf of DEBH II. In furtherance to DEBH II’s obligation to transfer the DEIG Shares pursuant to Section 1.1, DEL IV shall transfer legal ownership of said shares to Purchasers on behalf of DEBH II.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller hereby represents and warrants to Purchasers as to itself, subject to Section 1.8, that:

2.1 Organization and Qualification. Such Seller is duly formed, validly existing and, to the extent such concept is recognized under applicable Law, in good standing under the laws of the jurisdiction of its formation and has full corporate, limited liability company, partnership or similar, as applicable, power and authority to own, lease and operate its assets and properties and to conduct its business as presently conducted, except where the failure to have such power and authority would not reasonably be expected to have, individually or in the aggregate, a Seller Material Adverse Effect on such Seller.

2.2 Authority. Such Seller has full corporate, limited liability company, partnership or similar, as applicable, power and authority to enter into this Agreement and,

subject to receipt of the Seller Required Statutory Approvals, to consummate the transactions contemplated hereby. The execution, delivery and performance by such Seller of this Agreement and the consummation by such Seller of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate, limited liability company, partnership or similar, as applicable, action on the part of such Seller, and no other proceedings or approvals on the part of such Seller are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by such Seller and, assuming the due authorization, execution and delivery hereof by each other Party, constitutes the legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, except as limited by Laws affecting the enforcement of creditors' rights generally or by general equitable principles.

2.3 Non-contravention. The execution and delivery of this Agreement by such Seller does not, and the consummation of the transactions contemplated hereby will not, result in any violation or breach of or default (with or without notice or lapse of time or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation under (any such violation, breach, default, right of termination, cancellation or acceleration is referred to herein as a "Violation"), or result in the creation of any Lien upon any of the properties or assets of such Seller, pursuant to any provision of (a) the Organizational Documents of such Seller; (b) any Contract to which it is a party or by which it may be bound; or (c) subject to obtaining the Seller Required Statutory Approvals, any Law, Permit or Governmental Order applicable to it other than, in the case of clauses (b) and (c), any such Violation or Lien which would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect or a Seller Material Adverse Effect on such Seller.

2.4 Statutory Approvals. Except for the filings or approvals (a) set forth in Schedule 2.4 of the Seller Disclosure Schedules (the "Seller Required Statutory Approvals") and (b) as may be required due to the regulatory or corporate status of Purchasers or Purchaser Guarantor, no Consent of any Governmental Entity is required to be made or obtained by such Seller or its Non-Company Affiliates in connection with the execution and delivery of this Agreement or the consummation by such Seller or the Companies of the transactions contemplated hereby, except those which the failure to obtain or make would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect or a Seller Material Adverse Effect on such Seller.

2.5 Company Capitalization; Right and Title to Shares. The share capital of the Companies is set forth on Schedule 2.5 of the Seller Disclosure Schedules. There are issued and outstanding the number of Company Shares as set forth on Schedule 2.5 of the Seller Disclosure Schedule. All Company Shares are validly issued and fully paid. The Company Shares constitute all of the issued and outstanding Equity Interests in the Companies. As of the

Closing, such Seller will be the record and beneficial holder of, and will have good title to, the number of Company Shares set forth opposite its name in Schedule 2.5 of the Seller Disclosure Schedules, with the exception of the DEIG Shares of which DEL IV is the legal owner, in its capacity as general partner for and on behalf of DEBH II. As of the Closing, such Seller and, with respect to the DEIG Shares, DEL IV will hold such Company Shares free and clear of all Liens, other than those arising from this Agreement and in relation to, the DEIG Shares, arising pursuant to this Agreement and the limited partnership agreement of DEBH II or Dutch law in relation to limited partnerships such as DEBH II. Upon giving effect to Section 1.9 and the consummation of the purchase and sale under Section 1.1, Purchasers, collectively, will own all of the issued and outstanding Company Shares, free and clear of all Liens (other than any Liens created by Purchasers), and the Company Shares will represent all of the outstanding Equity Interests of the Companies which entitled the holder of those Equity Interests to vote on any matter, or participate in the profits and losses of the Companies or receive distributions of assets of the Companies (whether as dividends, distributions, on liquidation or otherwise) or otherwise receive any economic benefits associated with the ownership of Equity Interests.

2.6 Litigation. There is no Action pending or, to the Knowledge of such Seller, threatened against such Seller that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Seller Material Adverse Effect on such Seller. Subject to obtaining the Seller Required Statutory Approvals, there are no Governmental Orders of or by any Governmental Entity applicable to such Seller except for such that would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect or a Seller Material Adverse Effect on such Seller.

2.7 Brokers and Finders. Such Seller has not entered into any agreement or arrangement entitling any agent, broker, investment banker, financial advisor or other firm or Person to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, except Credit Suisse Securities (USA) LLC and J.P. Morgan Securities LLC, whose fees and expenses shall be paid by such Seller or its direct or indirect parent companies.

2.8 Compliance with Laws. Except as set forth in Schedule 2.8 of the Seller Disclosure Schedules or as would not reasonably be expected to be material and adverse to the Acquired Companies (taken as a whole), since December 31, 2013, neither such Seller nor any of its Affiliates has received written notice from any Governmental Entity of, or been charged in writing by any Governmental Entity with, any violation of, or, to the Knowledge of such Seller, is in violation of, or is under investigation with respect to any violation of, any Law or Governmental Order. Such Seller and each of its Subsidiaries (other than the Acquired Companies) is in compliance in all material respects with (a) applicable provisions of the USA PATRIOT Act of 2001, as amended, and any rules and regulations promulgated thereunder, (b)

the Foreign Corrupt Practices Act of 1977, as amended, and any rules and regulations promulgated thereunder, (c) the Organisation for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and legislation implementing such Convention and (d) the United Kingdom Bribery Act of 2010, as amended, and any rules and regulations promulgated thereunder.

2.9 No Other Representations and Warranties. Except for the representations and warranties contained in this Article II or Article III, neither Sellers nor any other Person acting on behalf of Sellers makes any representation or warranty, express or implied, concerning Sellers, the Company Shares or the businesses, finances, operations, assets, liabilities, prospects or any other aspect of the Acquired Companies.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF SELLERS RELATING TO THE COMPANIES

Sellers, jointly and severally, hereby represent and warrant to Purchasers, subject to Section 1.8, that:

3.1 Organization and Qualification. Each Acquired Company is duly formed, validly existing and, to the extent such concept is recognized under applicable Law, in good standing under the laws of the jurisdiction of its formation, has full corporate, limited liability company, partnership or similar, as applicable, power and authority to own, lease and operate its assets and properties and to conduct its business as presently conducted and is duly qualified to do business and, to the extent such concept is recognized under applicable Law, is in good standing as a foreign corporation, limited liability company or partnership or otherwise in all jurisdictions in which such qualification is necessary under applicable Law as a result of the conduct of its business or the ownership of its assets or properties, except for those jurisdictions where failure to have such power and authority or to be so qualified or in good standing would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

3.2 Authority. Each Company has full corporate, limited liability company, partnership or similar, as applicable, power and authority to enter into this Agreement and, subject to receipt of the Company Required Statutory Approvals, to consummate the transactions contemplated hereby. The execution, delivery and performance by each Company of this Agreement and the consummation by such Company of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate, limited liability company, partnership or similar, as applicable, action on the part of such Company, and no other proceedings or approvals on the part of such Company are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by each Company and, assuming the due authorization, execution and delivery hereof by each other Party, constitutes the legal, valid and binding obligation of such Company, enforceable against such Company in accordance with its terms, except as limited by Laws affecting the enforcement of creditors' rights generally or by general equitable principles.

3.3 Non-contravention. The execution and delivery of this Agreement by such Company and the consummation of the transactions contemplated hereby do not and will not result in any Violation, or result in the creation of any Lien upon any of the properties or assets of any Acquired Company, pursuant to any provision of (a) subject to obtaining the third-party Consents set forth in Schedule 3.3 of the Seller Disclosure Schedules (the "Company Required Consents"), the Organizational Documents of any Acquired Company; (b) subject to obtaining the Company Required Consents, any Contract to which any Acquired Company is a party or by which any Acquired Company may be bound; or (c) subject to obtaining the Seller Required Statutory Approvals and the Company Required Statutory Approvals, any Law, Consent, Permit or Governmental Order applicable to any Acquired Company, other than in the case of clauses (b) and (c), any such Violation or Lien which would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

3.4 Statutory Approvals. Except for the filings or approvals (a) set forth in Schedule 3.4 of the Seller Disclosure Schedules (the “Company Required Statutory Approvals”) and (b) as may be required due to the regulatory or corporate status of Purchasers or Purchaser Guarantor, no Consent of any Governmental Entity is required to be made or obtained by any Acquired Company in connection with the execution and delivery of this Agreement or the consummation by Sellers or the Companies of the transactions contemplated hereby, except those which the failure to obtain or make would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

3.5 Capitalization.

(a) Company Subsidiaries. Schedule 3.5(a) of the Seller Disclosure Schedules sets forth for each Company Subsidiary, subject to any actions that may be taken pursuant to Section 5.1(a) during the Interim Period: (i) its jurisdiction of formation; (ii) its authorized Equity Interests; (iii) the number of its issued and outstanding Equity Interests; (iv) the Equity Interests that are wholly or jointly owned, directly or indirectly, by any Company or any Person; and (v) the holder or holders of such Equity Interests that are wholly or jointly owned, directly or indirectly, by any Company or any Person. The Equity Interests of each Company Subsidiary that are owned, directly or indirectly, by any Company, as set forth in Schedule 3.5(a) of the Seller Disclosure Schedules, are owned free and clear of all Liens, other than as set forth in Schedule 3.5(a) of the Seller Disclosure Schedules, any Permitted Liens and any Liens arising from this Agreement. All of the issued and outstanding Equity Interests in each Company Subsidiary that are owned, directly or indirectly, by any Company have been duly authorized and, to the extent such concepts are recognized under applicable Law, are validly issued and fully paid.

(b) Project Companies. Schedule 3.5(b) of the Seller Disclosure Schedules sets forth for each Project Company: (i) its jurisdiction of formation; (ii) its authorized Equity Interests; (iii) the number of its issued and outstanding Equity Interests; (iv) the Equity Interests that are wholly or jointly owned, directly or indirectly, by any Company or any Person; and (v) the holder or holders of such Equity Interests that are wholly or jointly owned, directly or indirectly, by any Company or any Person. The Equity Interests of each Project Company that are owned, directly or indirectly, by any Company, as set forth in Schedule 3.5(b) of the Seller Disclosure Schedules, are owned free and clear of all Liens, other than as set forth in Schedule 3.5(b) of the Seller Disclosure Schedules, any Permitted Liens and any Liens arising from this Agreement. All of the issued and outstanding Equity Interests in each Project Company that are owned, directly or indirectly, by any Company have been duly authorized and, to the extent such concepts are recognized under applicable Law, are validly issued and fully paid.

(c) No Other Equity Interests. Except as set forth on Schedule 3.5(c) of the Seller Disclosure Schedules and any other Equity Interests acquired during the Interim Period in compliance with Section 5.1(a), no Company owns, directly or indirectly, any Equity Interests in any Person other than the Company Subsidiaries and the Project Companies. All of the issued and outstanding Equity Interests set forth on Schedule 3.5(c) that are owned, directly or indirectly, by any Company have been duly authorized and, to the extent such concepts are recognized under applicable Law, are validly issued and fully paid.

(d) Agreements with Respect to Company Shares and Equity Interests of the Acquired Companies. Except as set forth in Schedule 3.5(d) of the Seller Disclosure Schedules and except as provided for in the Organizational Documents of any Acquired Company, or as permitted during the Interim Period pursuant to Section 5.1(a), there are no:

(i) subscriptions, options, warrants, calls, conversion, exchange, purchase right or other written contracts, rights, Contracts or commitments of any kind obligating, directly or indirectly, any Acquired Company to issue, transfer, sell or otherwise dispose of, or cause to be issued, transferred, sold or otherwise disposed of, any Equity Interests of any Acquired Company or any securities convertible into or exchangeable for any such Equity Interests; or

(ii) Contracts, limited liability company agreements, partnership agreements, voting trusts, proxies or other agreements, instruments or understandings to which any Acquired Company is a party, or by which any Acquired Company is bound, relating to the voting of any shares of the Equity Interests of any Acquired Company.

3.6 Financial Statements. Schedule 3.6(a) of the Seller Disclosure Schedules contains true and complete copies of (a) the audited or unaudited, as applicable, statement of operations and statement of cash flows of those Acquired Companies as specified on Schedule 3.6(a) of the Seller Disclosure Schedules as indicated on such statements as of December 31, 2015 and balance sheet of each such Acquired Company on a combined basis as indicated on such statements as of December 31, 2015; and (b) the unaudited statement of operations and statement of cash flows of each Acquired Company as indicated on such statements as of and for the six (6) months ended June 30, 2016 and balance sheet of such Acquired Company as indicated on such statement as of June 30, 2016 (collectively, and with any notes thereto, the "Financial Statements"). Except as set forth in Schedule 3.6(b) of the Seller Disclosure Schedules, the Financial Statements (x) have been prepared in accordance with GAAP, consistently applied (except as may be noted therein), from the books and records of the Acquired Companies and (y) present fairly, in all material respects, the financial position, assets

and liabilities, results of operations and cash flows of the Acquired Companies on a combined basis, after giving effect to the Restructuring Transactions, as of the date indicated thereon and for the periods covered thereby.

3.7 Absence of Certain Changes or Events. Except as set forth in Schedule 3.7 of the Seller Disclosure Schedules, since December 31, 2015:

(a) there has not been any change, event, condition, circumstance, occurrence or development which has had, or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect or a Country Segment-Level Material Adverse Effect with respect to Peru; and

(b) each of the Acquired Companies has, in all material respects, conducted its business and operated its properties in the ordinary course of business.

3.8 No Undisclosed Liabilities. Except (a) for Liabilities as set forth in the Financial Statements, (b) for Liabilities incurred by the Acquired Companies since December 31, 2015 in the ordinary course of their respective businesses, consistent with past practice, (c) Liabilities incurred in connection with this Agreement or the Transaction, and (d) for Liabilities related to matters set forth on Schedule 3.8 of the Seller Disclosure Schedules, the Acquired Companies have no Liabilities of the nature required to be disclosed in a balance sheet prepared in accordance with GAAP.

3.9 Tax Matters. Except as set forth on Schedule 3.9 of the Seller Disclosure Schedules:

(a) All material Tax Returns required to be filed by each of the Acquired Companies have been timely filed and all such Tax Returns were true, correct and complete in all material respects.

(b) Each Acquired Company has timely paid all material Taxes (whether or not shown as due on a Tax Return) required to be paid by it under applicable Law and has timely withheld and paid over to the appropriate Taxing Authority all material Taxes required to be withheld and paid over by it under applicable Law. All Taxes not yet due and payable by the Acquired Companies have been properly accrued on the Financial Statements to the extent required by GAAP.

(c) No Acquired Company has received written notice of a pending or threatened audit, claim or assessment by any Taxing Authority in respect of any material Taxes of such Acquired Company, and there are no audits, claims or assessments regarding material Taxes pending against any of the Acquired Companies as of the date hereof.

(d) Except for Permitted Liens, there are no Liens with respect to material Taxes upon the assets of any Acquired Company.

(e) There currently are no outstanding agreements, consents or waivers to extend any statute of limitations filed by (or, to the Knowledge of Sellers, on behalf of) an Acquired Company with any Taxing Authority in respect of any material Tax Return of such Acquired Company, or in respect of any material Taxes payable by such Acquired Company.

(f) No Acquired Company (i) is or was a member of an affiliated group of companies filing combined, consolidated, aggregate or unitary income Tax Returns (except for a group of which an Acquired Company is the common parent), or (ii) is a party to or bound by, or liable for any material Taxes of another Person as a result of, any material Tax allocation, sharing, indemnification or similar agreement, other than any such agreement entered into in the ordinary course of business the principal purpose of which is not to address Taxes.



(g) No Acquired Company has received a written claim from any Taxing Authority in a jurisdiction where such Acquired Company does not file Tax Returns or pay Taxes that such Acquired Company is required to file a Tax Return or is subject to taxation by that jurisdiction.

(h) There are no Tax rulings, requests for Tax rulings, closing agreements (as described in Section 7121 of the Code or any corresponding or similar provision of state, municipal, local, or foreign income Tax Law), technical advice memoranda or similar agreements entered into by or on behalf of any Acquired Company, in each case with respect to material Taxes.

(i) None of the Acquired Companies will be required to include any material item of income in, or exclude any material item of deduction from, taxable income for any Post-Closing Tax Period or for the portion of any Straddle Period beginning after the Closing Date as a result of any (i) intercompany transaction consummated prior to the Closing or excess loss account existing prior to the Closing, in either case described in Treasury Regulations under Section 1502 of the Code (or any corresponding or similar provision of State, municipal, local or foreign income Tax Law), (ii) installment sale or open transaction disposition made prior to the Closing outside the ordinary course of business, (iii) prepaid amount received prior to the Closing outside the ordinary course of business, or (iv) change in Tax accounting method made prior to Closing that would be applicable to a Post-Closing Tax Period or the portion of any Straddle Period beginning after the Closing Date.

(j) Notwithstanding any other provision of this Agreement, (i) the representations and warranties contained in the foregoing subsections of this Section 3.9 constitute the sole and exclusive representations and warranties relating to any Taxes or Tax Returns and (ii) the representations and warranties in this Section 3.9 are made only with respect to Tax periods (or portions thereof) ending on or prior to the Closing Date, and shall not be relied upon for any Tax positions taken by Purchasers and their Affiliates (including the Acquired Companies) in any Tax period (or portion thereof) beginning after the Closing Date.

3.10 Litigation. Except as set forth in Schedule 3.10 of the Seller Disclosure Schedules, there is no Action pending or, to the Knowledge of Sellers, threatened against any Acquired Company or affecting the assets or properties of any Acquired Company that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

### 3.11 Compliance with Laws.

(a) Except as set forth on Schedule 3.11(a) of the Seller Disclosure Schedule, since December 31, 2013, except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(i) The Acquired Companies are and have been in compliance in all material respects with all applicable Laws; and

(ii) No Acquired Company has been given written notice by any Governmental Entity of, or been charged in writing by any Governmental Entity with, any violation of, or, to the Knowledge of Sellers, is in violation of, or is under investigation with respect to any violation of, any Law or Governmental Order.

(b) This Section 3.11 does not relate to Tax matters, which are instead the subject of Section 3.9, employee benefits matters, which are instead the subject of Section 3.12, Permits, which are instead the subject of Section 3.13, or environmental matters, which are instead the subject of Section 3.16.

### 3.12 Employee Benefits.

(a) Schedule 3.12(a) of the Seller Disclosure Schedules contains a list, as of the date hereof, of each material bonus, incentive or deferred compensation, pension, retirement, profit-sharing, savings, employment, consulting, compensation, stock purchase, stock option, phantom stock or other equity-based compensation, severance pay, termination, change-in-control, retention, salary continuation, vacation, sick leave, disability, death benefit, group insurance, hospitalization, medical, dental, life, loan, educational assistance and other fringe benefit plans, programs, Contracts and arrangements (exclusive of any such plan, program, agreement or arrangement established or maintained solely as required by applicable Law or provided for in a CBA) maintained by any Acquired Company or any trade or business, whether or not incorporated, that together with such Acquired Company would be deemed a "single employer" within the meaning of Section 4001 of ERISA (or has analogous treatment under applicable Law) (an "ERISA Affiliate") (the "Company Plans") for the benefit of or with respect to any current or former employee, officer, director or independent contractor of any Acquired Company.

(b) Except as set forth on Schedule 3.12(b) of the Seller Disclosure Schedules, each Company Plan is maintained exclusively by one or more Acquired Companies outside of the United States of America primarily for the benefit of individuals residing outside the United States of America (a "Non-U.S. Benefit Plan"). As of the date hereof, none of the Acquired Companies has incurred any material Liability arising out of or relating to Section 409A ("Section 409A") of the United States Internal Revenue Code of 1986, as amended (the "Code") and no conditions exists that could reasonably be expected to cause an Acquired Company to incur any such Liability.

(c) Since December 31, 2013, each Non-U.S. Benefit Plan has been administered in all material respects in compliance with its terms and applicable Law. There is no pending or, to the Knowledge of Sellers, threatened Action relating to the Non-U.S. Benefit Plans (other than routine claims for benefits).

(d) Without limiting the generality of the foregoing, since December 31, 2013 through the date hereof, none of the Acquired Companies has sponsored, maintained, participated in, contributed to or had any obligation to contribute to, or incurred any liability in respect of any defined benefit pension plan subject to Title IV of ERISA, other than remote and indirect contingent liability in respect of a plan, program agreement or arrangement maintained by Sellers or any ERISA Affiliates, which Liability is not reasonably expected to be imposed upon any Acquired Company, and no circumstances exist that could reasonably be expected to cause an Acquired Company to incur any Liability under to Title IV of ERISA.

(e) Since December 31, 2013, all material contributions to each Company Plan required under the terms of such Non-U.S. Benefit Plan or applicable Law have been timely made.

(f) Except as set forth in Schedule 3.12(f) of the Seller Disclosure Schedules, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (either alone or in combination with another event) (i) entitle any current or former employee or director of any Acquired Company to any payment, or result in any payment becoming due, increase the amount of any compensation due, or result in the acceleration of the time of any payment due to any such person or (ii) increase any benefits otherwise payable under any Non-U.S. Benefit Plan or result in the acceleration of the time of payment or vesting of any benefit under a Non-U.S. Benefit Plan.

(g) Except as set forth in Schedule 3.12(g) of the Seller Disclosure Schedules, no Non-U.S. Benefit Plan that is an employee welfare benefit plan within the meaning of Section 3(1) of ERISA (or has analogous treatment under applicable Law) provides benefits, including death or medical benefits (whether or not insured), with respect to current or former employees of any Acquired Company beyond their retirement or other termination of service, other than (i) coverage mandated solely by applicable Law or (ii) benefits, the costs of which are borne by the current or former employee or his or her beneficiary.

(h) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, with respect to each Non-U.S. Benefit Plan (i) all employer and employee contributions to each Non-U.S. Benefit

Plan required by applicable Law or by the terms of such Non-U.S. Benefit Plan have been made, or, if applicable, accrued, in accordance with normal accounting practices; (ii) the fair market value of the assets of each funded Non-U.S. Benefit Plan, together with any book reserve and accrued contributions, is not less than the accrued benefit obligations with respect to all current and former participants in such plan according to the actuarial assumptions and valuations most recently used to determine employer contributions to such Non-U.S. Benefit Plan; and (iii) each Non-U.S. Benefit Plan required to be registered has been registered and has been maintained in good standing with applicable Governmental Entities.

3.13 Permits.

(a) Except as set forth in Schedule 3.13(a) of the Seller Disclosure Schedules or as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) each of the Acquired Companies has all Permits that are necessary for such Acquired Company to conduct its operations in the manner in which they are presently conducted consistent with past practices and in accordance with applicable Law; and (ii) each such Permit held by the Acquired Companies is in full force and effect consistent with past practices and in accordance with applicable Law and not subject to any appeal or challenge. Since December 31, 2013, no Seller or Acquired Company has received written notice from any Governmental Entity, the consequence of which would reasonably be expected to result in a material restriction or other material adverse effect on the validity of a material Permit or the material limitation on the ability to operate the assets related to such material Permit consistent with past practices and in accordance with applicable Law in all material respects.

(b) This Section 3.13 does not relate to environmental matters, which are instead the subject of Section 3.16.

### 3.14 Real Property.

(a) Schedule 3.14(a)(i) of the Seller Disclosure Schedules lists all material real property leases, licenses and similar occupancy agreements to which any Acquired Company is a party (the "Leased Real Property"). Schedule 3.14(a)(ii) of the Seller Disclosure Schedules lists all material real property owned in fee simple or the jurisdictional equivalent by any Acquired Company (the "Owned Real Property"). Schedule 3.14(a)(iii) of the Seller Disclosure Schedules lists all material real property over which any Acquired Company has possession rights pursuant to the Concessions (the "Concession Real Property").

(b) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each Acquired Company has good and valid title to, or a valid leasehold, license or other possessory interest in (or has analogous property rights under applicable Law), all Owned Real Property, Leased Real Property and Concession Real Property, as the case may be, used by it, in each case free and clear of all Liens, other than Permitted Liens and, to the Knowledge of Sellers, and free of any materially adverse rights of use, usufructs, mining rights, surface rights or water rights.

(c) Schedule 3.14(c) of the Seller Disclosure Schedules contains a true, complete and correct list of (i) any Contracts entered into between any Acquired Company and the relevant Governmental Entities in connection with authorizations and licenses authorizing the Acquired Companies to use public domain assets in the operation of their transmission lines and (ii) any concessions, authorizations and licenses whereby the relevant Governmental Entities have authorized the Acquired Companies to operate their respective power generation plants, transmission lines, hydrocarbons' facilities and any other business related thereto, as applicable (collectively, the "Concessions"). Except as, individually or in the aggregate, would not reasonably be expected to materially and adversely affect the relevant Acquired Company, each Acquired Company has the lawful right of possession of all Concession Real Property used by it.

(d) Except as set forth on Schedule 3.14(d) of the Seller Disclosure Schedules, neither any Acquired Company nor, to the Knowledge of Sellers, any counterparty thereto is in material default under any Real Property Lease or Concession Real Property and, to the Knowledge of Sellers, no circumstance currently exists that, with notice, the passage of time or both, would constitute a material default under any Real Property Lease or Concession Real Property and, as of the date hereof, no Acquired Company has received a written claim or notice of a material breach or default under any Real Property Lease or Concession Real Property.

### 3.15 Contracts.

(a) Set forth in Schedule 3.15(a) of the Seller Disclosure Schedules is, as of the date hereof, a true and correct list of all of the following Contracts to which any Acquired Company is a party or by which any of its respective properties or assets are bound, other than any insurance policies covering any Acquired Company or any of its respective assets (the Contracts set forth or required to be set forth in Schedule 3.15(a) of the Seller Disclosure Schedules are collectively referred to herein as the "Company Material Contracts" and, as used in this Section 3.15, "Contracting Party" shall refer to the Acquired Company party to such Company Material Contract):

(i) all Operating Contracts providing for the payment by or to the Contracting Party in excess of the Relevant Material Contract Amount per year, other than (A) any Contracts with another Acquired Company to document certain intercompany loans or (B) any Contracts with any Acquired Company for the provision of services and/or payment of costs, which are terminable by either party thereto upon not more than sixty (60) days' notice;

(ii) all Contracts (other than Operating Contracts) requiring a future capital expenditure by the Contracting Party in excess of the Relevant Material Contract Amount in any twelve-month (12-month) period;

- (iii) all Contracts under which the Contracting Party is obligated to sell real or personal property having a value in excess of the Relevant Material Contract Amount;
- (iv) all Contracts or business arrangements between (A) any officer or director of any Acquired Company or Affiliate thereof, on the one hand, and (B) such Acquired Company, on the other hand;
- (v) all Contracts for the purchase or sale of any business, corporation, partnership, joint venture, association or other business organization or any division, assets, operating unit or product line thereof which have a purchase or sale price in excess of the Relevant Material Contract Amount;
- (vi) all shareholders, partnership, limited liability company, voting, joint venture or similar agreements to which any Project Company or Company Subsidiary is a party, by which a Project Company or Company Subsidiary is bound or to which a Project Company or Company Subsidiary is subject (other than any such agreements of any Company Subsidiary or Project Company that is wholly owned, directly or indirectly, by such Company, or by which any such Person is bound);
- (vii) all Contracts under which the Contracting Party (A) directly or indirectly created, incurred, assumed or guaranteed (or may create, incur, assume or guarantee) or otherwise provided or may provide credit support of, Indebtedness, (B) granted a Lien on its assets, whether tangible or intangible, to secure such Indebtedness or (C) extended credit or advanced funds to any Person or (D) has any obligations relating to the financial condition of any other Person (including so-called "keepwell" agreements), in each case, in excess of the Relevant Material Contract Amount;
- (viii) all Contracts with a current and enforceable indemnification obligation that would reasonably be expected to result in payments in excess of \$500,000 to or from any Person with respect to liabilities relating to any current or former business of any Acquired Company or any predecessor Person, other than in the ordinary course of business;
- (ix) all Contracts with any Governmental Entity having a value in excess of the Relevant Material Contract Amount;
- (x) all Contracts that grant a right of first refusal or right of first offer or similar right with respect to (A) any assets of the Contracting Party having a value in excess of the Relevant Material Contract Amount, (B) any direct or indirect economic interest in the Contracting Party having a value in excess of the Relevant Material Contract Amount, or (C) materially limiting the ability of an Acquired Company to own, operate, sell, transfer, pledge or otherwise dispose of any material amount of assets, property or business;
- (xi) all Contracts with any officer, individual employee or independent contractor on a full-time, part-time, consulting or other basis and providing annual compensation in excess of \$500,000, including, in each case, Contracts with respect to employment or similar arrangements for the provision of services to the Acquired Company on a full- or part-time basis;
- (xii) all Contracts relating to severance, separation, change in control, retention or similar arrangements for the provision of services to the Acquired Company on a full- or part-time basis with any executive officer, plant manager, or any other employee of any Acquired Company whose Knowledge is referred to in this Agreement;
- (xiii) outstanding futures, swap, hedge, collar, put, call, floor, cap, option or other Contracts that are

intended to benefit from or reduce or eliminate the risk of fluctuations in interest rates or the price of commodities, including electric power, in any form, including energy, capacity or ancillary services or securities; and

(xiv) any Contract providing for the use of material Intellectual Property which has an annual license payment or fee in excess of the Relevant Material Contract Amount.

(b) Except as set forth in Schedule 3.15(b)(i) of the Seller Disclosure Schedules, Sellers have made available to Purchasers true, complete and correct (in all material respects) copies of all Company Material Contracts. Except as set forth in Schedule 3.15(b)(ii) of the Seller Disclosure Schedules, each Company Material Contract is (i) in full force and effect and (ii) the valid and binding obligation of the Acquired Company party thereto and, to the Knowledge of Sellers, of each other party thereto, in each case (x) except as limited by Laws affecting the enforcement of creditors' rights generally or by general equitable principles and (y) with such exceptions as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. Except as set forth in Schedule 3.15(b)(ii) of the Seller Disclosure Schedules, (A) no Acquired Company is in material breach or default under any Company Material Contract, which material breach or default has not been waived, and no event has occurred which, with notice or lapse of time, would reasonably be expected to constitute such a material breach or default, (B) to the Knowledge of Sellers, no other party to any Company Material Contract is in material breach or default under such Company Material Contract and (C) no Acquired Company has received any written claim or notice of material breach or default under any Company Material Contract.

3.16 Environmental Matters. Except as set forth in Schedule 3.16 of the Seller Disclosure Schedules, or as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect:

(a) to the Knowledge of the Sellers or such Company, each Acquired Company is and has been, within any period of time established by an applicable statute of limitations or other limitations periods, in compliance with all applicable Environmental Laws, including having been complying with the terms and conditions of all material Permits required pursuant to applicable Environmental Laws ("Environmental Permits"). Each material Environmental Permit held by or relied upon by any Acquired Company is in full force and effect and not subject to any appeal or challenge, nor to the Knowledge of Sellers, has any such appeal or challenge been threatened in writing;

(b) no Acquired Company, nor, with respect to any Acquired Company, any Seller (i) has received any written notice of any actual or alleged violation of or Liability under any Environmental Law or Environmental Permit or written notice of any investigation, inquiry or request with respect to actual or potential violation of or Liability under any Environmental Law or Environmental Permit, other than notices with respect to matters that have been fully resolved and for which no Acquired Company has any further obligations outstanding or Liability or (ii) is subject to any outstanding Governmental Order with regard to any violation of or Liability under any Environmental Law;

(c) to the Knowledge of Sellers or the Acquired Companies, (i) no Hazardous Substances have been Released into the soil, surface water, ground water or other environmental media, and (ii) no Person has been exposed to Hazardous Substances (including asbestos-containing materials), in either case, at, on, to, migrating from or under any Real Property, which Hazardous Substances (1) any Acquired Company would be obligated to investigate or remediate pursuant to any Environmental Law, (2) would reasonably be expected to result in claims against any Acquired Company by any Persons (including claims for damage or injury to persons, property or natural resources) or (3) would otherwise result in any Liability or obligation pursuant to applicable Environmental Law of any Acquired Company;

(d) there are no capital projects with an expected cost in excess of \$5,000,000 that are either pending or have been budgeted by any Acquired Company to comply with any current or reasonably anticipated Environmental Law or any existing Environmental Permit, or that would reasonably be expected to require new or changes to existing Environmental Permits;

(e) copies of all material correspondence since December 31, 2013 to and from Governmental Entities relating to Liability pursuant to Environmental Law, and of all

material environmental investigations, studies, audits, reviews or other analyses (including with respect to changes in existing or reasonably anticipated environmental requirements) in the possession of Sellers or any Acquired Company, in each case, in relation to the Acquired Companies or any Real Property, which documents have been prepared since December 31, 2013, have been provided to Purchasers or made available in the Virtual Data Room prior to the date hereof; and

(f) each of the Acquired Companies have all material Permits that are necessary for such Acquired Company to conduct its operations in compliance with applicable Environmental Law in all material respects and in the manner which they are presently conducted consistent with past practices.

Notwithstanding any of the representations and warranties contained elsewhere in this Agreement, all environmental matters shall be governed exclusively by this Section 3.16.

### 3.17 Labor Matters.

(a) Schedule 3.17(a) of the Seller Disclosure Schedules contains a list of all collective bargaining agreements or labor agreements to which any Acquired Company is bound (the "CBAs").

(b) Except as set forth in Schedule 3.17(b) of the Seller Disclosure Schedules, no employees of any Acquired Company are represented by any labor union, works council or labor organization with respect to their employment with any Acquired Company.

(c) To the Knowledge of Sellers, as of the date hereof, there are no labor union organizing activities with respect to any employees of any Acquired Company. To the Knowledge of Sellers, no labor organization representing employees of an Acquired Company has made a written demand to such Acquired Company for recognition that is pending as of the date hereof; and, as of the date hereof, there are no representation proceedings or written petitions seeking a representation proceeding, involving employees, against any Acquired Company, that are currently pending.

(d) Since December 31, 2013 through the date hereof, there have been no material (i) labor strikes, work stoppages, slowdowns, lockouts or labor-related arbitrations against or affecting any Acquired Company; (ii) grievances or other labor disputes or proceedings pending against or involving any employee of any Acquired Company; or (iii) Actions or unfair labor practice charges, grievances or complaints, pending by or on behalf of any employee of an Acquired Company.

(e) Each Acquired Company has properly and validly established or used outsourcing schemes in instances where services are or were provided to such Acquired Company by contractors except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

### 3.18 Intellectual Property.

(a) Schedule 3.18(a) of the Seller Disclosure Schedules lists all registered intellectual property assets, including all registrations or applications for registration of any patents, trademarks, service marks and domain names, that will be owned by an Acquired Company as of the Closing Date or will otherwise be transferred to Purchasers at or prior to the Closing.

(b) Except as set forth on Schedule 3.18(b) of the Seller Disclosure Schedules or as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, (i) each Acquired Company owns and



possesses, free and clear of all Liens (and without restriction as to use or disclosure) all right, title and interest in and to, or has a valid and enforceable license to use, all inventions, patents, patent rights (including patent applications and licenses), know-how, trade secrets, trademarks (including trademark applications), trademark rights, trade names, trade name rights, service marks, service mark rights, copyrights and other proprietary intellectual property rights (collectively, "Intellectual Property") used in and necessary for the conduct of the businesses of the Acquired Companies as currently conducted or as proposed by the Acquired Companies to be conducted, free from any requirement of any past, present or future payments (other than maintenance and similar payments), charges or fees or conditions, rights or restrictions; (ii) to the Knowledge of the Company, the businesses of the Acquired Companies as currently conducted, do not infringe, have not misappropriated, and do not otherwise violate the Intellectual Property rights of any third party, (iii) to the Knowledge of Sellers, no third party is challenging, infringing or otherwise violating any right of any Acquired Company in any Intellectual Property owned by an Acquired Company and necessary for the conduct of the businesses of the Acquired Companies as currently conducted; (iv) no Acquired Company has received any written notice of any pending claim that Intellectual Property owned by an Acquired Company and/or used in and necessary for the conduct of the businesses of the Acquired Companies as currently conducted infringes or otherwise violates the Intellectual Property rights of any third party; (v) to the Knowledge of Sellers, following the Closing, the Purchasers will be permitted to exercise all of the Acquired Companies' Intellectual Property used in and necessary for the conduct of the businesses of the Acquired Companies as currently conducted to the same extent that the Acquired Companies would have been able to had the Closing not occurred and without being required to pay any material additional amounts or consideration; and (vi) the Acquired Companies have used, and currently use Reasonable Best Efforts to enforce, policies generally requiring each employee and individual independent contractor who is involved in the development of material Intellectual Property to execute one or more agreements with provisions assigning ownership of Intellectual Property developed within the scope of the individual's employment or independent contractor relationship with the Acquired Company, and all such persons have duly executed and delivered such agreements to the Acquired Company.

3.19 Affiliate Contracts; Intercompany Indebtedness; Support Obligations.

(a) Schedule 3.19(a) of the Seller Disclosure Schedules contains a true, complete and correct list, as of the date hereof, of each material Contract between (i) any Acquired Company, on the one hand, and (ii) any Seller or any Non-Company Affiliate, on the other hand (collectively, but excluding any Intercompany Indebtedness, the "Affiliate Contracts").

(b) Schedule 3.19(b) of the Seller Disclosure Schedules contains a true and accurate account of any Indebtedness that is owed to or from any Acquired Company, on the one hand, from or to Parent or any of its Subsidiaries (other than the Acquired Companies), on the other hand (the "Intercompany Indebtedness") as of the date set forth on such Schedule 3.19(b).

(c) Except as would not reasonably be expected to be material to the Acquired Companies, taken as a whole, each Acquired Company has operated its business in its own name and does not commingle its funds with those of any other Person. There are no credit support obligations, including guarantees, letters of credit, escrow arrangements, surety and performance bonds and security agreements and arrangements (other than collateral included in Net Working Capital) outstanding, provided by or to certain Non-Company Affiliates on behalf of or by any of the Acquired Companies.

(d) Except as would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, since January 1, 2015 through the date hereof, all transactions between Duqueco, on the one hand, and any of the Acquired Companies, on the other hand, have been on terms no less favorable to Duqueco than would be obtained in a comparable arm's length transaction with a Person that is not an Affiliate, or, if no comparable arm's length transaction with a Person that is not an Affiliate is available, then on terms reasonably believed by Duqueco to be fair and reasonable.

3.20 Insurance.

(a) Set forth in Schedule 3.20(a) of the Seller Disclosure Schedules is a list of all material third party policies of insurance under which any assets or business activities of any Acquired Company are covered, including, for each such policy, the type of policy, the name of the insured, the term of the policy, a description of the limits of such policy, the basis of coverage and the deductibles. True, complete and correct (in all material respects) copies of such insurance policies have been made available to Purchasers. As of the date hereof, each such insurance policy is in full force and effect, all premiums due and payable thereunder have been paid in full, and no Acquired Company is in default with respect to the obligations under any such policies or has otherwise failed to comply in all material respects with the terms and conditions of such policies.

(b) Sellers or the Non-Company Affiliates provide the self-insurance arrangements to the Project Companies set forth in Schedule 3.20(b) of the Seller Disclosure Schedules relating to their respective businesses on such terms and against such risks and losses as is in accordance with good industry practices. Any such self-insurance arrangements are in full force and effect, and each Project Company is in material compliance with the terms and conditions thereof, if any.

(c) With respect to each such insurance policy and self-insurance arrangements set forth on Schedule 3.20(a) and Schedule 3.20(b) of the Seller Disclosure Schedules: (i) to the Knowledge of Sellers, as of the date hereof, no insurer on the policy has been declared insolvent or placed in receivership, conservatorship or liquidation; and (ii) no written notice of cancellation or termination has been received other than in connection with ordinary renewals or terminations under the terms thereof.

(d) As of the date hereof, no request or application made by any of the Acquired Companies since December 31, 2013 to any insurer for coverage, payment of a claim or the issuance of a policy has been denied on the basis of willful misconduct or fraud.

3.21 Assets.

(a) Except as set forth in Schedule 3.21(a) of the Seller Disclosure Schedules, as of the date hereof, the Acquired Companies have good and valid title to, or in the case of leased properties and assets, a valid leasehold interest in, all of their respective material properties and material assets, in each case not subject to any Liens (other than Permitted Liens).

(b) Except as set forth in Schedule 3.21(b) and Schedule 3.18(b) of the Seller Disclosure Schedules, and except for any property or assets to be provided or to be made available pursuant to the Transition Services Agreement, the properties and assets of the Acquired Companies to be acquired pursuant to this Agreement constitute all the material properties and material assets used or held for use by the Acquired Companies in, and necessary and sufficient for the operation of, the businesses of the Acquired Companies as operated on the date hereof and as they will be operated immediately prior to the Closing Date.

(c) Except as set forth in Schedule 3.21(c) of the Seller Disclosure Schedules, (i) the machinery and equipment included among the assets of the Acquired Companies are in normal operating condition for similar facilities of a similar age, are maintained in accordance with Good Utility Practice, and are suitable for the purposes for which they are now being used in the conduct of the business of the Acquired Companies in accordance with Good Utility Practice and (ii) neither the Sellers, the Acquired Companies nor their respective Affiliates have deferred maintenance of any assets of the Acquired Companies other than in accordance with Good Utility Practice.

(d) The cooling tower is the only material asset or property of the Las Palmas II plant in Guatemala that was materially damaged during the fire incident that occurred on July 16, 2016.

3.22 Brokers and Finders. No Acquired Company has entered into any agreement or arrangement entitling any agent, broker, investment banker, financial advisor or other firm or Person to any broker's or finder's fee or any other commission or similar fee payable by any Acquired Company in connection with any of the transactions contemplated by this Agreement, except Credit Suisse Securities (USA) LLC and J.P. Morgan Securities LLC, whose fees and expenses shall be paid by Sellers or their direct or indirect parent companies.

3.23 Directors and Officers. Set forth in Schedule 3.23 of the Seller Disclosure Schedules is a true, complete and correct list, as of the date hereof, of the directors and officers of each Acquired Company.

3.24 Compliance with Anti-Corruption Laws. Since December 31, 2013, none of the Acquired Companies, any officer, nor to the Knowledge of Sellers, any director or employee of the Acquired Companies or any other agent or Person duly authorized to act for or on behalf of Acquired Companies, has, directly or indirectly, taken any action that would reasonably be expected to cause any Acquired Company to be in material violation of applicable anti-corruption laws. Since December 31, 2013, the Acquired Companies, their respective officers, and, to the Knowledge of Sellers, their respective agents, directors, employees, consultants and contractors are, and since December 31, 2013 have been, in compliance in all material respects with all applicable anti-corruption laws. As of the date hereof, no enforcement action by any Governmental Entity or any Person alleging any failure to comply with any applicable anti-corruption laws is pending against any Acquired Company, their respective officers or, to the Knowledge of Sellers, any of their respective agents, directors, employees, consultants or contractors. None of the Acquired Companies nor, to the Knowledge of Sellers, any other Person acting for or on behalf of the Acquired Companies, is an OFAC Sanctioned Person. The Acquired Companies, their respective officers, and, to the Knowledge of Sellers, their respective directors, employees, agents, consultants or contractors are in compliance in all material respects with, and none of the Acquired Companies, their respective officers, and, to the Knowledge of Sellers, directors and employees (acting in such capacity), agents, consultants or contractors, has previously since December 31, 2013 violated the USA Patriot Act of 2001, as amended, to the extent applicable to any such Person, or any applicable anti-money laundering law. For purposes of this Section 3.24, "agent" means an authorized agent of the Acquired Companies in connection with work such authorized agent has performed on behalf of and as authorized by the Acquired Companies or any of their Affiliates.

3.25 Books and Records. The minute books and other similar corporate records of the Acquired Companies as made

available to Purchasers are accurate and complete in all material respects. The minute books of each Acquired Company contain accurate and complete records, in all material respects, of all meetings, and material actions taken by written consent, of its stockholders or other equity holders, its board of directors or similar governing body and any committees thereof. Each Acquired Company maintains its own full and complete books and records.

3.26 Internal Controls. Each Acquired Company maintains books and records that in reasonable detail accurately reflect the transactions and dispositions of the assets of such Acquired Company and maintains adequate internal control over financial reporting which are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Financial Statements, including that (a) such Acquired Company's transactions are executed with management's authorization; (b) such Acquired Company's transactions are recorded as necessary to permit preparation of the Financial Statements and to maintain accountability for such Acquired Company's assets; (c) access to such Acquired Company's assets is permitted only in accordance with management's authorization; and (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

3.27 Bankruptcy. Except as set forth on Schedule 3.27 of the Seller Disclosure Schedules:

(a) Since December 31, 2013, (i) no Acquired Company has been the subject of any insolvency, liquidation or similar proceeding; (ii) no order has been made and no resolution has been passed for the bankruptcy, suspension of payments, winding-up, dissolution and liquidation of any Acquired Company or for a provisional liquidator to be appointed in respect of them; and (iii) no such petition has been filed and no meeting has been convened for the purpose of obtaining such a resolution.

(b) As of the date hereof, (i) no receiver or administrative receiver has been appointed in respect of any Acquired Company; (ii) no Acquired Company is unable to pay its Indebtedness nor has it stopped paying its Indebtedness as it becomes due and payable, except for any Indebtedness which any such Acquired Company is disputing in good faith; and (iii) no Acquired Company is otherwise insolvent or bankrupt (or deemed to be insolvent or bankrupt) under any applicable Law.

(c) Immediately prior to the Closing and without giving effect to the Transaction and the consummation of the other transactions contemplated by this Agreement (including the Financing being entered into in connection therewith) (i) the fair saleable value (determined on a going concern basis) of the assets of Duqueco shall be greater than the total amount of their liabilities (including all liabilities, whether or not reflected in a balance sheet prepared in accordance with GAAP, and whether direct or indirect, fixed or contingent, secured or unsecured, disputed or undisputed); (ii) Duqueco shall be able to pay its debts and obligations as they become due; and (iii) Duqueco shall have adequate capital to carry on their businesses and all businesses in which they are about to engage.

3.28 No Other Representations and Warranties. Except for the representations and warranties of each Seller contained in Article II and this Article III, no Seller or Person acting on behalf of any Seller or any Acquired Company makes any representation or warranty, express or implied, concerning the businesses, finances, operations, assets, liabilities, prospects or any other aspect of the Acquired Companies.

## ARTICLE IV

### REPRESENTATIONS AND WARRANTIES OF PURCHASERS

Each Purchaser hereby represents and warrants to each Seller, as to itself, that except as disclosed in the Purchaser Disclosure Schedules:

4.1 Organization and Qualification. Purchaser 1 is a limited partnership duly formed, validly existing and in good standing under the laws of the Cayman Islands, and after giving effect to the Purchaser Assignment, will be a sociedad anónima cerrada, duly formed, validly existing and in good standing under the laws of Peru, Purchaser 2 is a private limited company duly formed, validly existing and in good standing under the laws of the United Kingdom, as of the date hereof, and after giving effect to the Purchaser Assignment will be a sociedad de responsabilidad limitada, duly formed, validly existing and in good standing under the laws of Spain, and after giving effect to the Purchaser Assignment, Purchaser 3 will be a private limited company duly formed, validly

existing and in good standing under the laws of the United Kingdom. Each of the Purchasers has full limited partnership power and authority to own, lease and operate its respective assets and properties and to conduct its respective business as presently conducted. Each of the Purchasers is duly qualified to do business and is in good standing as a foreign limited partnership in all jurisdictions in which such qualification is necessary under applicable Law as a result of the conduct of its business or the ownership of its properties, except for those jurisdictions where failure to be so qualified or in good standing would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement.

4.2 Authority. Each Purchaser has full corporate, limited liability company, partnership or limited partnership, as applicable, power and authority to enter into this Agreement and, subject to receipt of the Purchaser Required Statutory Approvals, to consummate the transactions contemplated hereby. The execution, delivery and performance by such Purchaser of this Agreement and the consummation by such Purchaser of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate, limited liability company, partnership or limited partnership, as applicable, action on the part of such Purchaser, and no other limited partnership proceedings or approvals on the part of any Purchaser are necessary to authorize this Agreement or to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by each Purchaser and, assuming the due authorization, execution and delivery hereof by each other Party, constitutes the legal, valid and binding obligation of such Purchaser, enforceable against such Purchaser in accordance with its terms, except as limited by Laws affecting the enforcement of creditors' rights generally or by general equitable principles.

4.3 Non-contravention. Except as set forth in Schedule 4.3 of the Purchaser Disclosure Schedules, the execution and delivery of this Agreement by Purchasers and the consummation of the transactions contemplated hereby do not and will not, result in any Violation, or result in the creation of any Lien upon any of the properties or assets of such Purchaser, pursuant to any provision of (a) the Organizational Documents of such Purchaser; (b) subject to obtaining the third-party Consents set forth in Schedule 4.3 of the Purchaser Disclosure Schedules (the "Purchaser Required Consents"), any Contract to which such Purchaser is a party or by which such Purchaser may be bound; or (c) subject to obtaining the Purchaser Required Statutory Approvals, any Law, Permit or Governmental Order applicable to such Purchaser, other than, in the case of clauses (a), (b) and (c), for any such Violation or Lien which would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement.

4.4 Statutory Approvals. Except for the filings or approvals (a) set forth in Schedule 4.4 of the Purchaser Disclosure Schedules (the "Purchaser Required Statutory Approvals") and (b) as may be required due to the regulatory or corporate status of Sellers or the Companies, no Consent of any Governmental Entity is required to be made or obtained by any Purchaser in connection with the execution and delivery of this Agreement or the consummation by Purchasers of the transactions contemplated hereby, except those which the failure to obtain or make would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement.

4.5 Ownership of Certain Assets; Operations. Schedule 4.5 of the Purchaser Disclosure Schedules sets forth for each Purchaser (i) whether such Purchaser is doing business in any of the Relevant Countries and (ii) any ownership interests in any natural gas transportation or distribution facilities, generating facilities, transmission and distribution (T&D) assets or power-generating assets, as well as in any assets or businesses in the trunk transmission sector, held such Purchaser or its Affiliates in the Relevant Countries. Except as set forth on Schedule 4.5 of the Purchaser Disclosure Schedule, no Purchaser nor any of its Affiliates has ongoing operations in the electricity industry in the Relevant Countries.

4.6 Financing; Solvency.

(a) The Purchasers have furnished to the Sellers a true and complete copy of (i) a fully executed equity commitment letter, dated as of October 10, 2016, by and between the Purchasers and the Investors (together with all exhibits, schedules, annexes, supplements and amendments thereto, the "Equity Commitment Letter") pursuant to which the Investors have committed to invest, directly or indirectly, in the Purchasers the cash amounts set forth therein (the "Equity Financing"), subject to the terms and conditions set forth in the Equity Commitment Letter, and (ii) a fully executed debt commitment letter, dated as of October 7, 2016, by Deutsche Bank AG, London Branch, in favor of I Squared Capital Advisors (US) LLC, as manager of ISQ Global Infrastructure Fund L.P. and its affiliated entities (together with all exhibits, schedules, annexes, supplements and amendments thereto and including any fee letter, with only the fee amounts and market flex terms redacted from any such fee letter in a customary manner (so long as the redaction does not cover terms that would adversely affect the conditionality, availability or termination of the Debt Financing), the "Debt Commitment Letter," and together with the Equity Commitment Letter, the "Commitment Letters") pursuant to which such lending parties named therein have committed to provide the Purchasers with at least \$450,000,000 in debt financing (the "Loans") for the purpose of funding the transactions contemplated by this Agreement (the "Debt Financing" and, together with the Equity Financing, the "Financing"), subject to the terms and conditions set forth in the Debt Commitment Letter. The aggregate proceeds to be disbursed pursuant to the agreements contemplated by the Commitment Letters, together with all other funds of Purchasers, are sufficient to allow Purchasers to complete the Transaction on the terms and subject to the conditions set forth in this Agreement and to consummate the transactions contemplated by this Agreement, including for Purchasers to pay the aggregate amounts payable pursuant to Article I at the Closing and for the payment of all fees, costs and expenses to be paid by Purchasers related to the transactions contemplated by this Agreement, including such fees, costs and expenses relating to the Financing. Each Commitment Letter is valid, binding and in full force and effect as to Purchasers and, to the Knowledge of Purchasers, each of the other parties to the Commitment Letters. As of the date of this Agreement, neither Purchasers nor any of their Affiliates are in breach of any of their covenants or other obligations set forth in, or are in default under, any of

the Commitment Letters, nor do Purchasers or any of their Affiliates have knowledge of any breach of the Commitment Letters by any of the other parties thereto, and to the Knowledge of Purchasers no event has occurred or circumstance exists that, with or without notice, lapse of time or both, would or would reasonably be likely to (i) constitute or result in a breach or default on the part of any Person under any of the Commitment Letters, (ii) constitute or result in a failure to satisfy any of the terms or conditions set forth in any of the Commitment Letters, (iii) make any of the assumptions or any of the statements set forth in the Commitment Letters inaccurate in any respect or (iv) otherwise result in any portion of the Financing not being available. The Commitment Letters have not been amended or modified in any respect prior to the date of this Agreement and as of the date of this Agreement and the commitments contained in the Commitment Letters have not been withdrawn, rescinded, terminated, amended, supplemented or modified, in any respect, and no such withdrawal, repudiation, rescission, termination, amendment, supplement or modification is contemplated by Purchasers. There are no conditions precedent or other contingencies relating to the funding of the full amount of the Equity Financing or the Debt Financing by the financing sources, or any contracts, agreements, arrangements or understandings related to the Financing, other than as specifically set forth in the respective Commitment Letters. Assuming the accuracy of the representations and warranties for the Companies set forth in Article III, as of the date of this Agreement, Purchasers have no reason to believe (both before and after giving effect to any “flex” provisions contained in the Debt Commitment Letter) that they will be unable to satisfy, on a timely basis, any term or condition to be satisfied by them contained in the Commitment Letters or that the full amounts committed pursuant to the Commitment Letters will not be available as of the Closing if the terms or conditions to be satisfied by them contained in the Commitment Letters are satisfied. As of the date of this Agreement, Purchasers have fully paid any and all commitment fees or other fees or deposits required by the Commitment Letters to be paid on or before the date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, Purchasers expressly acknowledge that their obligations hereunder are not conditioned in any manner upon Purchasers or any of their Affiliates obtaining any financing.

(b) Assuming that the representations and warranties of the Sellers contained in Article II and Article III of this Agreement are true and correct in all material respects, immediately after giving effect to the Transaction and the consummation of the other transactions contemplated by this Agreement (including the Financing being entered into in connection therewith):

(i) the fair saleable value (determined on a going concern basis) of the assets of the Purchasers and the Acquired Companies shall be greater than the total amount of their liabilities (including all liabilities, whether or not reflected in a balance sheet prepared in accordance with



GAAP, and whether direct or indirect, fixed or contingent, secured or unsecured, disputed or undisputed);

(ii) Purchasers and the Acquired Companies shall be able to pay their debts and obligations as they become due; and

(iii) Purchasers and the Acquired Companies shall have adequate capital to carry on their businesses and all businesses in which they are about to engage.

(c) In completing the Transaction, Purchaser does not intend to hinder, delay or defraud any present or future creditors of the Purchasers or the Acquired Companies.

4.7 Litigation. Except as set forth in Schedule 4.7 of the Purchaser Disclosure Schedules, there is no Action pending or, to the Knowledge of Purchasers, threatened against any Purchaser or any of their respective Subsidiaries or affecting any of their respective assets or properties that, if adversely determined, would reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement. There are no Governmental Orders of or by any Governmental Entity applicable to any Purchaser or any of its Subsidiaries, except for such that would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement.

4.8 Investment Intention; Sufficient Investment Experience; Independent Investigation. Each Purchaser is acquiring the Company Shares for its own account and not with a view to their sale or distribution in violation of applicable securities Laws. Each Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the Companies and the merits and risks of an investment in the Company Shares. Purchasers have been given adequate opportunity to examine all documents provided by, conduct due diligence and ask questions of, and to receive answers from, Sellers, the Companies and their respective Representatives concerning the Companies and Purchasers' investment in the Company Shares. Purchasers have, among other things, had full access to the Virtual Data Room and received the Seller Disclosure Schedules. Purchasers have also received certain projections and other forecasts, including projected financial statements, cash flow items, capital expenditure budgets and certain business plan information, and each Purchaser acknowledges that (a) there are uncertainties inherent in attempting to make such projections and forecasts and, accordingly, it is not relying on them, (b) each Purchaser is familiar with such uncertainties and is taking full responsibility for making its own evaluation of the adequacy and accuracy of all such projections and forecasts, (c) no Purchaser has any claim under this Agreement against anyone with respect

to the accuracy of such projections and forecasts, and (d) neither any Seller nor any Company nor any other Person has made any representation or warranty with respect to such projections and forecasts. Each Purchaser acknowledges and affirms that it has completed to its satisfaction its own independent investigation, analysis and evaluation of the Acquired Companies, that it has made all such reviews and inspections of the businesses, assets, Liabilities, results of operations and condition (financial or otherwise) of the Acquired Companies as it has deemed necessary or appropriate, and that in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby it has relied solely on its own independent investigation, analysis and evaluation of Sellers' representations and warranties set forth in Article II and the Companies' representations and warranties set forth in Article III.

4.9 Brokers and Finders. No Purchaser has entered into any agreement or arrangement entitling any agent, broker, investment banker, financial advisor or other firm or Person to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, except Santander Bank, N.A., whose fees and expenses will be paid by Purchasers in accordance with Purchasers' agreement with such firm.

4.10 Compliance with Laws. Except as set forth in Schedule 4.10 of the Purchaser Disclosure Schedules, since December 31, 2013, no Purchaser nor any of its Affiliates has been given written notice by any Governmental Entity of, or been charged in writing by any Governmental Entity with, any violation of, or, to the Knowledge of Purchasers, is in violation of, or is under investigation with respect to any violation of, any Law or Governmental Order, except, in each case, for violations which would not reasonably be expected to have, individually or in the aggregate, a Purchaser Material Adverse Effect, or to otherwise prevent or materially delay the consummation of the transactions contemplated by this Agreement. Each Purchaser and each of its respective Subsidiaries is in compliance with (a) the USA PATRIOT Act of 2001, as amended, and any rules and regulations promulgated thereunder, (b) the Foreign Corrupt Practices Act of 1977, as amended, and any rules and regulations promulgated thereunder, (c) the Organisation for Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and legislation implementing such Convention and (d) the United Kingdom Bribery Act of 2010, as amended, and any rules and regulations promulgated thereunder.

4.11 No Other Representations and Warranties. Except for the representations and warranties contained in this Article IV, no Purchaser or any Person acting on behalf of any Purchaser makes any representation or warranty, express or implied, under this Agreement. Each Purchaser acknowledges and agrees that, except as expressly set forth in Article II and Article III, neither any Seller nor any Company nor any of their Affiliates has made any representation or warranty, express or implied, to Purchasers or any of their Affiliates in connection with this

Agreement. Without limiting the generality of the foregoing, and except as expressly set forth in Article II and Article III, (a) each Purchaser acknowledges and agrees that neither any Seller nor any Company nor any of their Affiliates has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding any Seller or its Affiliates made available to Purchaser, and (b) neither any Seller nor any Company nor any other Person shall be subject to any Liability to Purchasers, or any other Person, as a result of any Seller having made available to Purchasers any such information, including in the Virtual Data Room, management presentations (formal or informal), or in any other form in connection with the Transaction. Without limiting the foregoing, neither any Seller nor any Company nor any of their Affiliates makes any representation or warranty to any Purchaser or Parent with respect to any financial projection or forecast relating to the Acquired Companies.

## ARTICLE V

### COVENANTS

#### 5.1 Conduct of Business.

(a) After the date hereof and prior to the Closing or earlier termination of this Agreement (the “Interim Period”), except as set forth in Schedule 5.1 of the Seller Disclosure Schedules and except (i) as required or expressly permitted by this Agreement, (ii) as contemplated by or in connection with the Restructuring Transactions, (iii) in connection with necessary or prudent maintenance due to breakdown or casualty, or other actions taken in response to a business emergency, provided that reasonably prompt written notice of any such material action is delivered to Purchasers, (iv) as contemplated in the annual budgets or capital budgets of any Acquired Company, (v) for the issuance of any cash dividends or any cash distributions from any Acquired Company, (vi) as required by applicable Law, or (vii) to the extent any Purchaser shall otherwise consent in writing, which decision regarding consent shall be made promptly, and which consent shall not be unreasonably withheld, conditioned or delayed, Sellers shall cause each Company and each Company shall, and each Company shall cause each of its Company Subsidiaries and each of its Project Companies to:

(i) conduct its business in the ordinary and usual course in substantially the same manner as heretofore conducted and, to the extent consistent therewith, use Reasonable Best Efforts to preserve its business organization intact and maintain its existing relations and goodwill with customers, suppliers, creditors, lessors, employees and business associates;

(ii) not (A) amend its Organizational Documents, other than amendments which are ministerial in nature or not otherwise material; (B) split, combine or reclassify its outstanding Equity Interests; or (C) repurchase,

redeem or otherwise acquire any shares of its capital stock or any securities convertible into or exchangeable or exercisable for any shares of its capital stock;

(iii) not issue, sell, or dispose of any shares of, or securities convertible into or exchangeable or exercisable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of its capital stock;

(iv) not incur any Indebtedness, other than (A) borrowings under existing credit facilities as such facilities may be amended or replaced, or (B) in an aggregate amount not to exceed the Relevant Aggregate Interim Period Amount;

(v) not make, or make any commitments for, capital expenditures in excess of the Relevant Interim Period Amount individually or the Relevant Aggregate Interim Period Amount in the aggregate;

(vi) not make any acquisition of, or investment in assets or stock or other equity interests of any other Person in excess of the Relevant Interim Period Amount singularly or the Relevant Aggregate Interim Period Amount in the aggregate;

(vii) not sell, lease, license, encumber or otherwise dispose of any of its assets, except in the ordinary course of business;

(viii) not assign, materially amend (in an adverse manner), terminate (except for any termination due to the end of the term thereof) or waive any material term under, exercise any material option under, or give any material Consent with respect to, any Company Material Contract or Material Lease;

(ix) not enter into any Contract with any Seller or an Affiliate thereof (other than an Acquired Company);

(x) not take any action to materially accelerate the collection of accounts receivable outside the ordinary course of business, or otherwise materially change any policy or practices regarding extension of credit, prepayment, sales, collections, receivables or payment of accounts;

(xi) not engage in any material new line of business;

(xii) not waive, release, assign, settle, compromise or satisfy any claim (which shall include, but not be limited to, any pending or threatened Action), that exceeds the Relevant Interim Period Amount singularly or the Relevant Aggregate Interim Period Amount in the aggregate;

(xiii) not terminate, establish, adopt, enter into, make any new grants or awards of stock-based compensation or other benefits under, amend or otherwise materially modify any Non-U.S. Benefit Plan or, solely with respect to any directors, officers or employees of an Acquired Company, any Company Plan or any plan, agreement or other arrangement that would be a Company Plan if it were in existence as of the date of this Agreement, or increase the salary, wage, bonus or other compensation of any directors, officers or employees of any Acquired Company, except (A) for grants or awards to directors, officers and employees under existing Company Plans in such amounts and on such terms as are consistent with past practice, (B) in the normal and usual course of business (which shall include normal periodic performance reviews and related plans and the provision of individual Company Plans consistent with past practice for newly hired, appointed or promoted officers and employees), or (C) for actions reasonably determined to be necessary or appropriate for administrative reasons or to satisfy applicable Law or existing contractual obligations under Company Plans;

(xiv) not change any material financial accounting method, policy, practice or election, except as required by GAAP, applicable local Law or local accounting principles;

(xv) not adopt a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization, or any plan for the sale of all or substantially all the assets of any Company or any Subsidiary thereof;

(xvi) (A) maintain, or cause to be maintained, in full force and effect, the self-insurance arrangements maintained by Sellers or the Non-Company Affiliates for the benefit of the Acquired Companies set forth in Schedule 3.20(b) of the Seller Disclosure Schedules, and (B) unless not available on commercially reasonable terms, maintain insurance with financially responsible or nationally recognized insurers in such amounts and against such risks and losses as are consistent with the insurance maintained by it in the ordinary and usual course of business with respect to any of the Acquired

Companies with respect to which self-insurance arrangements are not maintained by Sellers or the Non-Company Affiliates as set forth in Schedule 3.20(b);

(xvii) maintain or cause to be maintained (in the ordinary course of business and consistent with past practice) and not amend or cause to be amended in any material respect, terminate, or assign any material Permit held by any Acquired Company (including Environmental Law);

(xviii) not (A) make or change any material election with respect to Taxes, (B) change any material Tax accounting method, (C) settle any material Tax claim, (D) amend any material Tax Return, (E) waive any material Tax refund claim, or (F) consent to any material extension or waiver of the limitation period applicable to any Tax assessment, in each case, to the extent that doing so would reasonably be expected to result in a material incremental cost to Purchaser or any of the Acquired Companies after Closing; and

(xix) not commit in writing or agree to take any of the actions set forth in subsections (ii)-(xviii) of this Section 5.1(a).

(b) Nothing contained in this Agreement shall give Purchasers, directly or indirectly, any right to control or direct any Acquired Company's operations of its business prior to the Closing. Prior to the Closing, Sellers and each of the Acquired Companies shall exercise, consistent and in accordance with the other terms and conditions of this Agreement, complete control and supervision over their respective businesses.

## 5.2 Regulatory Approvals.

(a) Regulatory Approvals. Each Party shall cooperate and use Reasonable Best Efforts to prepare and file as soon as practicable (but in no event more than thirty (30) days following the date hereof) all applications, notices, petitions, filings and other documents necessary to obtain, and shall use Reasonable Best Efforts to obtain, the Required Statutory Approvals. The Parties further agree to use Reasonable Best Efforts (i) to take any act, make any undertaking or receive any clearance or approval required by any Governmental Entity or applicable Law and (ii) to satisfy any conditions imposed by any Governmental Entity in all Final Orders, in each case in order to consummate the transactions contemplated hereby as soon as reasonably possible. Each of the Parties shall (i) respond as promptly as practicable to any inquiries or requests received from any Governmental Entity for additional information or documentation, (ii) provide such information with respect to such Party as may be necessary to obtain the Required Statutory Approvals and (iii) not enter into any agreement with any Governmental Entity that would reasonably be expected to adversely affect the Parties' ability to

consummate the transactions contemplated by this Agreement, except with the prior consent of the other Parties (which consent shall not be unreasonably withheld, conditioned or delayed). Each of the Parties shall use Reasonable Best Efforts to avoid or eliminate each and every impediment under any antitrust, competition, or trade or energy regulation Law that may be asserted by any Governmental Entity with respect to the transactions contemplated hereby so as to enable the Closing Date to occur as soon as reasonably possible. The actions required by the immediately preceding sentence shall include proposing, negotiating, committing to and effecting, by consent decree, hold separate order or otherwise, the sale, divestiture or disposition of such power generation, electric transmission or oil & gas assets or businesses of Purchasers or their respective Affiliates (including their respective Subsidiaries (except for the Acquired Companies)), and agreeing to such limitations on their conduct or actions as may be required in order to obtain the Required Statutory Approvals as soon as reasonably possible, to avoid the entry of, or to effect the dissolution of, any injunction, temporary restraining order or other order in any suit or proceeding, which would otherwise have the effect of preventing or delaying the Closing Date, and defending through litigation on the merits, including appeals, any claim asserted in any court by any Person.

(b) Communications. Each Party shall (i) promptly furnish each other Party with copies of all filings, notices, correspondence or other written communications from or to, and inform one another of any communications received from, any Governmental Entity, (ii) promptly make any appropriate or necessary subsequent or supplemental filings, (iii) cooperate in the preparation of such filings as is reasonably necessary and appropriate, and (iv) permit each other Party to review in advance any proposed written communication between such Party and any Governmental Entity. If a Party or any of its Affiliates intends to participate in any substantive meeting or discussion with any Governmental Entity with respect to the transactions contemplated by this Agreement or any filings, investigations or inquiries made in connection with the transactions contemplated by this Agreement, it will give the other Parties reasonable prior notice of, and to the extent permitted by such Governmental Entity, an opportunity to participate in, such meeting or discussion. This Section 5.2(b) does not relate to Tax matters, which are instead the subject of Section 5.14.

5.3 Required Consents. Sellers and the Companies, on the one hand, and Purchasers, on the other hand, agree to use Reasonable Best Efforts to obtain the Company Required Consents and the Purchaser Required Consents, respectively, and to cooperate with each other in connection with the foregoing.

5.4 Access.

(a) Subject to applicable Law and Governmental Orders, Sellers shall, and shall cause each of the Acquired Companies to, during the period from and after the date

hereof until the Closing, upon reasonable advance notice, (i) afford Purchasers and their authorized directors, officers, employees, accountants, counsel, investment bankers and consultants (collectively, "Representatives") reasonable access, during normal business hours, in the presence of at least one (1) Representative of Sellers, to the employees, properties, books and records (with respect to Tax records, only to the extent solely and directly related to the Acquired Companies), contracts and other documents of the Acquired Companies, (ii) furnish to Purchasers such financial and operating data and other information relating to the Acquired Companies as Purchasers may reasonably request (including such accounting and auditing information as may be necessary to prepare financial statements), and (iii) instruct the appropriate Acquired Company employees to cooperate reasonably with Purchasers and their respective Representatives in connection with the foregoing; provided, however, that, in each case, such access, furnishing of information and cooperation shall not (v) unreasonably disrupt any Acquired Company's operations, (w) require any Acquired Company to permit any inspection or to disclose any information that, in the reasonable judgment of such Acquired Company, would result in the disclosure of any trade secrets or violate any of its obligations or policies with respect to confidentiality, (x) require any Acquired Company to disclose any privileged information of any Acquired Company, (y) include any sampling of environmental media or building materials or (z) require Sellers or any of their Affiliates (including the Acquired Companies) to disclose any proprietary information of or regarding Sellers or their Affiliates (excluding the Acquired Companies). All requests for information made pursuant to this Section 5.4(a) shall be directed to such Persons designated by Sellers in writing from time to time. All such information shall be governed by the terms of the Confidentiality Agreement. Purchasers shall not, and shall cause their respective Representatives not to, use any information obtained pursuant to this Section 5.4(a) (as well as any other information provided to Purchasers or any of their respective Representatives by or on behalf of Parent, any Seller or any Acquired Company prior to the date hereof) for any purpose unrelated to the transactions contemplated by this Agreement. To the extent that a Seller or any of its Affiliates incur any incremental out-of-pocket costs in processing, retrieving or transmitting any such information pursuant to this Section 5.4(a), Purchasers shall reimburse such Seller and such Affiliate for the reasonable out-of-pocket costs thereof (including reasonable attorneys' fees, but excluding reimbursement for general overhead, salaries and employee benefits) promptly upon submission to Purchasers of an invoice therefor accompanied by reasonable supporting documentation.

(b) Purchasers shall indemnify and hold harmless Sellers, their respective Affiliates and their respective Representatives for any and all Losses, costs or expenses incurred by Sellers, their Affiliates or their respective Representatives arising out of the access rights under this Section 5.4, including any claims by any of Purchasers' respective Representatives for any injuries or property damage while present on the Real Property.



(c) Notwithstanding anything to the contrary in this Section 5.4, neither Sellers nor the Acquired Companies shall be obligated to disclose to Purchasers any information that could reasonably be expected to (i) violate any applicable Law, (ii) result in the loss of attorney-client privilege with respect to such information; provided, however, that, in such instances, such Acquired Company shall inform Purchasers of the general nature of the information being withheld and, upon Purchasers' request and at Purchasers' sole cost and expense, reasonably cooperate with Purchasers to provide such information, in whole or in part, in a manner that would not result in the loss of attorney-client privilege with respect to such information, (iii) result in a breach of an agreement to which any Seller or any Acquired Company or any of their respective Affiliates is a party, or (iv) result in the disclosure of any trade secret or confidential information of third parties.

(d) From and after the Closing, Purchasers and Sellers shall, and shall cause their respective Representatives, upon reasonable notice, to (i) furnish to each other, and their respective Representatives, such financial and operating data and other information relating to the Acquired Companies (including books and records of the Acquired Companies) as is reasonably necessary for planning any systems conversions, process changes, litigation, employee benefits, environmental, financial reporting and accounting matters, or the preparation and filing of any required regulatory or other filings, responses or reports and information relating to any Action or as required by any Law or Governmental Order, and (ii) make available to each other, and their respective Representatives, their respective directors, officers and employees as may reasonably be requested to cooperate in connection with the foregoing; provided, however, that, in each case, such access, furnishing of information and cooperation shall not unreasonably disrupt or otherwise interfere with any Acquired Company's or Purchasers' operations. After the Closing, Purchasers shall cause the Acquired Companies to, and Sellers shall, preserve such information and the books and records for at least eight (8) years after the Closing Date. This Section 5.4(d) does not relate to Tax matters, which are instead the subject of Section 5.14.

5.5 Publicity. Purchasers and Sellers shall consult with each other before issuing any press release immediately after the execution and delivery of this Agreement and the transactions contemplated hereby. With respect to any publicity after October 10, 2016, none of Sellers, the Companies or Purchasers or any of their respective Affiliates shall, without the express written approval of Sellers, the Companies and Purchasers (which approval shall not be unreasonably withheld, conditioned or delayed), make any press release or other public announcements concerning the transactions contemplated by this Agreement, except as and to the extent that any such Party shall be so obligated by applicable Law, or pursuant to any such listing agreement or rules of any national securities exchange, in which case the other Parties shall be advised and the Parties shall use Reasonable Best Efforts to cause a mutually agreeable release or announcement to be issued.

5.6 Employee Matters.

(a) For a period of twelve (12) months following the Closing Date, Purchasers and the Companies shall cause the employees of the Companies or any Subsidiary of the Companies who remain in the employment of any Purchaser, a Company, their respective Subsidiaries or their respective successors immediately following the Closing (the “Continuing Employees”) to receive compensation, employee benefits and severance protection (utilizing the cash value of any stock-based compensation and which shall include statutory severance and the Companies’ past pattern of providing market-based severance determined through benchmarking) that are each substantially no less favorable than the compensation, employee benefits and severance protection provided to such employees immediately prior to the Closing. Nothing contained herein shall be construed as requiring Purchasers, a Company or any Subsidiary of a Company to continue or to cause the continuance of any specific employee benefit plans or to continue or cause the continuance of the employment of any specific person.

(b) With respect to each benefit plan of Purchasers or their respective Subsidiaries in which a Continuing Employee participates after the Closing, for purposes of determining eligibility, vesting and amount of benefits, including severance benefits and paid time off entitlement (but not for pension benefit accrual purposes), Purchasers shall cause service with the Companies and their respective Subsidiaries (or predecessor employers to the extent the Companies or their respective Subsidiaries provided past service credit) to be treated as service with Purchasers and their respective Subsidiaries; provided, that such service shall not be recognized to the extent that such recognition would result in a duplication of benefits or to the extent that such service was not recognized under an analogous Company Plan.

(c) With respect to any welfare benefit plan maintained by any Purchaser or its Subsidiaries in which Continuing Employees are eligible to participate after the Closing, Purchasers shall, and shall cause the Companies and their respective Subsidiaries to, (i) waive all limitations as to preexisting conditions and exclusions with respect to participation and coverage requirements applicable to such employees to the extent such conditions and exclusions were satisfied or did not apply to such employees under the Company Plans prior to the Closing, and (ii) provide each Continuing Employee with credit for any co-payments and deductibles paid prior to the Closing in satisfying any analogous deductible or out-of-pocket requirements to the extent applicable under any such plan.

(d) Purchasers shall, and shall cause the Acquired Companies to, honor the terms of each CBA until such CBA otherwise expires pursuant to its terms or is modified by the parties thereto.

(e) Nothing contained in this Section 5.6 shall be construed to establish, amend or modify any benefit or compensation plan, program, agreement, contract, policy or arrangement, or limit the ability of Purchasers, the Companies or any of their respective Subsidiaries to amend, modify or terminate any benefit or compensation plan, program, agreement, contract, policy or arrangement at any time assumed, established, sponsored or maintained by any of them.

(f) Notwithstanding anything to the contrary contained in this Agreement, Seller shall be solely responsible for any and all amounts payable under the Company Plans set forth on Schedule 3.12(b) of the Seller Disclosure Schedules, including all retention award agreements to any director, officer, employee or independent contractor of the Acquired Companies as a result of the consummation of the proposed transactions, whether arising before, on or after the Closing Date.

**5.7 Directors' and Officers' Indemnification and Insurance.**

(a) Purchasers shall cause each of the Acquired Companies to continue all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions that have occurred or will occur at or prior to the Closing now existing in favor of the current or former directors and officers of any of the Acquired Companies as provided in the Organizational Documents of the Acquired Companies or any contract between any of such directors or officers and any Acquired Company, in each case, as in effect on the date hereof, for a period of six (6) years following the Closing Date.

(b) In the event that any of the Acquired Companies or any of their respective successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties or other assets to any Person, then, and in each such case, Purchasers shall use Reasonable Best Efforts to cause proper provision to be made, to the extent required, so that the successors and assigns of any Acquired Company shall expressly assume the obligations set forth in this Section 5.7.

(c) The provisions of this Section 5.7 are intended to be for the benefit of, and will be enforceable by, each Indemnified Party and his or her heirs and Representatives, and are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Person may have by contract or otherwise.

**5.8 Termination of Affiliate Contracts: Intercompany Indebtedness.**

(a) Except as set forth in Schedule 5.8(a) of the Seller Disclosure Schedules and except as agreed to in writing by Sellers and Purchasers, each Seller and its

Affiliates shall take such action as may be necessary to terminate all Affiliate Contracts, including any agreements or understandings (written or oral) with respect thereto, prior to, or simultaneously with, the Closing. Notwithstanding the foregoing, in the absence of a written agreement, the provision of any services (similar to those contemplated by the preceding sentence) by any Seller to any Acquired Company from and after the Closing, which services may be provided by such Seller in its sole discretion, shall be for the convenience, and at the expense, of Purchasers, upon mutually agreed terms.

(b) At or immediately prior to the Closing, Sellers shall cause the Acquired Companies to pay in immediately available funds such amounts to, or as directed by, the Subsidiaries of Parent to which such amounts are owed to repay all of the Intercompany Indebtedness outstanding at the Closing, without any continuing Liability to or obligation of the Acquired Companies.

5.9 Supplements to Seller Disclosure Schedules. Sellers and the Companies may, from time to time prior to the Closing (but in any event, on or before the fifth (5th) Business Day prior to the Closing) by written notice to Purchasers, supplement the Seller Disclosure Schedules to disclose any matter which is necessary to complete or correct any representation or warranty of the Companies or Sellers that has been rendered inaccurate or incomplete due solely to any change, event, effect or occurrence since the date of this Agreement (each such update, a "Schedule Update"). If (a) Purchasers have the right to terminate this Agreement pursuant to Section 7.1(d) as a result of any change, event, effect or occurrence set forth in a Schedule Update and does not exercise such right within ten (10) Business Days thereof and (b) such Schedule Update relates solely to changes, events, effects or occurrences arising after the date of this Agreement then such Schedule Update shall be deemed to have amended the disclosure schedules as of the date of this Agreement, to have qualified the representations and warranties contained in Article II and Article III, as the case may be, as of the date of this Agreement, and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of the existence of any such change, event, effect or occurrence. Sellers shall provide to Purchasers any information relating to any Schedule Update reasonably requested by Purchasers. For the avoidance of doubt, if (i) Purchasers would not have the right to terminate this Agreement pursuant to Section 7.1(d) as a result of any change, event, effect or occurrence set forth in a Schedule Update or (ii) a Schedule Update does not relate solely to changes, events, effects or occurrences arising after the date of this Agreement, then such Schedule Update shall not be deemed to have amended the schedules as of the date of this Agreement, to have qualified the representations and warranties contained in Article II and Article III as of the date of this Agreement or to have cured any misrepresentation or breach of warranty that may exist hereunder by reason of the existence of such matter.

5.10 Use of Certain Names.

(a) As soon as reasonably practicable, but in any event within thirty (30) days following the Closing, Purchasers shall, and shall cause each Acquired Company to, cease using the words set forth in Schedule 5.10(a) of the Seller Disclosure Schedules and all trademarks, trade names, logos and symbols (collectively, the “Seller Marks”), and any words or expressions similar thereto or constituting an abbreviation or extension thereof or that would raise a reasonable likelihood of confusion with the Seller Marks, including eliminating the Seller Marks from the Real Property and the material assets of the Project Companies, and disposing of any unused stationery and literature of the Acquired Companies bearing the Seller Marks. Each Purchaser acknowledges that the Seller Marks are owned exclusively by Sellers or the Non-Company Affiliates, and, except to the extent expressly permitted by this Section 5.10(a), from and after the Closing, Purchasers shall not, and shall cause each Acquired Company and their Affiliates not to, use the Seller Marks or other Intellectual Property rights belonging to Sellers or the Non-Company Affiliates that have not been expressly conveyed to Purchasers or an Acquired Company (“Excluded Intellectual Property”), and each Purchaser acknowledges that it, its Affiliates and the Acquired Companies have no rights whatsoever to use the Seller Marks or other Excluded Intellectual Property. Without limiting the foregoing:

(i) Within sixty (60) days after the Closing Date, Purchasers shall cause each Acquired Company whose name contains any of the Seller Marks to change its name to a name that does not contain any of the Seller Marks and to amend all of the organizational documents of such Acquired Company to eliminate such Seller Marks from the name of such Acquired Company; and

(ii) Within sixty (60) days after the name change contemplated in paragraph (i) above is completed, Purchasers shall provide evidence to Sellers in a format that is reasonably acceptable to Sellers that Purchasers have made all filings required by the Governmental Entities pursuant to clause (a) above and has provided notice to all applicable Governmental Entities and all counterparties to the Company Material Contracts regarding the sale of the Acquired Companies and the new address for notice purposes.

(b) In connection with any use of the Seller Marks by any Purchaser or the Acquired Companies to the extent expressly permitted pursuant to this Section 5.10, Purchasers shall and shall cause each Acquired Company to comply with, in all respects, all of Sellers’ and the Non-Company Affiliates’ quality control requirements, policies and guidelines in effect at such time and as may be provided to Purchasers or any Acquired Company by Sellers from time to time during the use of the Seller Marks in accordance with this Section 5.10.

5.11 Financing.

(a) Each Purchaser shall use, and shall cause each of its respective Affiliates to use, their respective Reasonable Best Efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange and obtain the proceeds of the Financing on the terms and conditions, taken as a whole (including any “flex” provisions), described in the Commitment Letters, including executing and delivering all such documents and instruments as may be reasonably required thereunder and (i) using (and causing its Affiliates to use) their respective Reasonable Best Efforts to (v) comply with and maintain in effect the Debt Financing and the Debt Commitment Letter, (w) satisfy on a timely basis all terms, covenants and conditions set forth in the Debt Commitment Letter and the Financing Agreements (including by consummating the Equity Financing pursuant to the terms of the Equity Commitment Letter and by paying any commitment fees or other fees or deposits required by the Commitment Letters or the Financing Agreements), (x) accept (and comply with) to the fullest extent all “flex” provisions contemplated by the Debt Commitment Letter and the Financing Agreements to the extent such “flex” provisions are exercised in accordance with the terms thereof, (y) enter into definitive agreements with respect to the Debt Financing on the terms and conditions contemplated by the Debt Commitment Letter (including any escrow agreement entered into pursuant to Section 5.11(i), the “Financing Agreements”) and comply with and maintain in effect the Financing Agreements and (z) consummate the Debt Financing as promptly as practicable but in any event no later than the Closing, and (ii) enforcing its rights under the Debt Commitment Letter and Financing Agreements in the event of a breach by the lenders under the Debt Commitment Letter or the Financing Agreements.

(b) Purchasers shall not permit any amendment, supplement, modification or replacement of, or grant any waiver under any Commitment Letter or any Financing Agreement that (i) reduces the amount of aggregate cash proceeds available from the Debt Financing below the amount necessary for Purchasers to complete the Transaction on the terms and subject to the conditions set forth in this Agreement and to consummate the transactions contemplated by this Agreement, including for Purchasers to pay the aggregate amounts payable pursuant to Article I at the Closing and for the payment of all fees, costs and expenses to be paid by Purchasers related to the transactions contemplated by this Agreement, including such fees, costs and expenses relating to the Financing, unless the Equity Financing is increased by a corresponding amount, (ii) imposes new or additional conditions or otherwise expands, amends or modifies any of the conditions to the receipt of the Financing, in each of the cases of clauses (i) and (ii), in a manner materially adverse to Sellers or the Acquired Companies (it being understood and agreed Purchasers may, without the consent of Sellers, (A) amend or otherwise modify the Debt Commitment Letter to add lenders, lead arrangers, bookrunners, syndication agents or similar entities that have not executed the Debt Commitment Letter as of the date of this Agreement or (B) amend or modify the Debt Commitment Letter in connection

with entry into a New Debt Commitment Letter or an Alternative Financing and/or to implement the flex provisions set forth in any fee letter, so long as any such flex term does not adversely affect the conditionality, availability or termination of the Financing), (iii) make it less likely that the Financing would be funded (including by making the conditions to obtaining the Financing less likely to occur) or otherwise prevent or delay or impair the ability or likelihood of any Purchaser to timely consummate the transactions contemplated by this Agreement, or (iv) adversely impact the ability of any Purchaser to enforce its rights against the other parties to the Commitment Letters or the Financing Agreements. No Purchaser shall agree to the withdrawal, termination, repudiation or rescission of any Commitment Letter or Financing Agreement without the prior written consent of Sellers, and shall not release or consent to the termination of the obligations of the lenders under the Debt Commitment Letter (except as otherwise provided therein). Upon any amendment, supplement, modification or replacement of, or waiver of, any Commitment Letter or Financing Agreement in accordance with this Section 5.11(b), Purchasers shall deliver a copy thereof to Sellers and references herein to "Commitment Letters," "Debt Commitment Letter," "Equity Commitment Letters" and "Financing Agreements" shall include and mean such documents as amended, supplemented, modified, replaced or waived in compliance with this Section 5.11, and references to "Financing," "Debt Financing" and "Equity Financing" shall include and mean the financing contemplated by the Commitment Letters or Financing Agreements as amended, supplemented, modified, replaced or waived in compliance with this Section 5.11(b), as applicable.

(c) Purchasers shall use their Reasonable Best Efforts to keep the Sellers reasonably informed with respect to the status of the Debt Financing contemplated by the Debt Commitment Letter and shall give the Sellers prompt notice of any material adverse change with respect to the availability of the Debt Financing that would reasonably be expected to delay or prevent the Closing. Without limiting the foregoing, Purchasers agree to notify the Sellers promptly, and in any event within two (2) Business Days, if at any time (i) the Debt Commitment Letter shall expire or be terminated for any reason, (ii) any financing source that is a party to the Debt Commitment Letter notifies Investors or Purchasers that such financing source no longer intends to provide financing to Investors or Purchasers (or their applicable Affiliate) on the terms set forth therein, or (iii) for any reason Purchasers no longer believe in good faith that they or Investors or their respective Affiliates will be able to obtain all or any portion of the Debt Financing contemplated by the Debt Commitment Letter on the terms described therein. Purchasers shall not, and shall not permit any of its Affiliates to, without the prior written consent of the Sellers, take or fail to take any action or enter into any transaction, including any merger, acquisition, joint venture, disposition, Contract or debt or equity financing, that could reasonably be expected to materially impair, delay or prevent consummation of the Debt Financing contemplated by the Debt Commitment Letter or any Alternative Financing contemplated by any New Debt Commitment Letter.

(d) If all or any portion of the Debt Financing becomes or could become unavailable on the terms and conditions (including any “flex” provisions) or from the sources contemplated in the Debt Commitment Letter or the Financing Agreements for any reason or any of the Debt Commitment Letter or the Financing Agreements shall be withdrawn, terminated, repudiated or rescinded for any reason (but without limiting the obligations of Purchasers in the last sentence of Section 5.11(b) and in Section 5.11(a)(ii) and Section 5.11(a)(iii)) in a manner materially adverse to Purchasers for any reason, (i) Purchasers shall promptly (but in any event, within two (2) Business Days) so notify Sellers and (ii) Purchasers shall use their Reasonable Best Efforts to arrange to obtain, as promptly as practicable following the occurrence of such event (and in any event no later than the Closing), and to negotiate and enter into definitive agreements with respect to, alternative debt financing from the same or alternative debt financing sources (the “Alternative Financing”) in an amount sufficient to consummate the transactions contemplated by this Agreement (or replace any unavailable portion of the Debt Financing), and to obtain a new financing commitment letter (including any associated engagement letter and related fee letter) with respect to such Alternative Financing (collectively, the “New Debt Commitment Letter”), copies of which shall be promptly provided to Sellers (with only the fee amounts and market flex terms redacted from the fee letter in a customary manner (so long as the redaction does not cover terms that would adversely affect the conditionality, availability or termination of the Debt Financing)); provided that Purchasers shall not be required to obtain Alternative Financing on terms and conditions that are materially less favorable, taken as a whole, to Purchasers than those in the Debt Commitment Letter that such Alternative Financing and New Debt Commitment Letter would replace. Notwithstanding the foregoing, no Alternative Financing or New Debt Commitment Letter may expand upon the conditions precedent or contingencies to the funding of the Debt Financing on the Closing as set forth in the Debt Commitment Letter in effect on the date hereof or otherwise include terms (including any “flex” provisions) that would reasonably be likely to make the likelihood that the Alternative Financing would be funded less likely. In the event any Alternative Financing is obtained and a New Debt Commitment Letter is entered into in accordance with this Section 5.11(c), references herein to (A) “Financing Commitments” and “Debt Commitment Letter” shall be deemed to include and mean the Debt Commitment Letter to the extent not superseded by a New Debt Commitment Letter to the extent then in effect, and (B) “Financing Commitments” or “Debt Financing” shall include and mean the debt financing contemplated by the Debt Commitment Letter as modified pursuant to the preceding clause (A). Without the Sellers’ prior written consent, no Purchaser shall directly or indirectly take any action that would or would be reasonably expected to result in the Financing not being available.

(e) Purchasers acknowledge and agree that they shall be fully responsible for obtaining the Equity Financing and shall take (or cause to be taken) all actions, and do (or cause to be done) all things, necessary, proper or advisable to obtain the Equity



Financing pursuant to and in accordance with and subject to the terms and conditions set forth in the Equity Commitment Letters, including taking all actions necessary to (i) comply with the terms of and maintain in effect the Equity Commitment Letters, (ii) satisfy on a timely basis all conditions in such Equity Commitment Letters to be satisfied by Purchaser, (iii) consummate the Equity Financing at or prior to the Closing subject to the terms and conditions of the Equity Commitment Letters and (iv) enforce its rights under the Equity Commitment Letters to the extent the Investors are required to fund under their respective Equity Commitment Letter pursuant to the terms thereof and this Agreement.

(f) Purchasers shall not amend, alter or waive, or agree to amend, alter or waive (in any case whether by action or inaction), any term of the Equity Commitment Letter without the prior written consent of Sellers. Purchasers shall promptly (and in any event within two (2) Business Days) notify the Acquired of (i) the expiration or termination (or attempted or purported termination, whether or not valid) of any Equity Commitment Letter, or (ii) any refusal by an Investor named in an Equity Commitment Letter to provide the full financing contemplated by such Equity Commitment Letter.

(g) Purchasers shall fully pay any and all commitment fees or other fees in connection with the Financing that become due and payable after the date hereof.

(h) Each Purchaser acknowledges and agrees that neither the obtaining of the Financing or any alternative financing, nor the completion of any issuance of securities contemplated by the Financing or any alternative financing, is a condition to the Closing.

(i) Without limiting the other provisions of this Section 5.11, Purchasers agree that they shall use Reasonable Best Efforts to cause their Affiliates to use Reasonable Best Efforts to cause the Loans to be funded into escrow (the "Escrow Financing") as promptly as practicable after the date of this Agreement; provided, however, that, any escrow agreement entered into by the Purchasers, the other parties to the Debt Commitment Letter and the escrow agent pursuant to this Section 5.11(i) shall not have any additional conditions precedent to the release of the Loans from escrow to Purchasers other than those set forth in the Debt Commitment Letter. In connection with the foregoing, Sellers agree to reimburse Purchasers for Sellers' Share of Escrow Financing Expenses for the Escrow Financing Term as for provided in Section 10.12. Sellers obligation to reimburse Purchasers pursuant to this Section 5.11(i) shall cease upon any material breach of this Agreement by Purchasers. Purchasers agree that they shall be responsible for all other fees, costs, expenses, or other payments due under the Escrow Financing (including any Escrow Financing Expenses in excess of Sellers' Share of Escrow Financing Expenses).

5.12 Restructuring Transactions. Sellers shall cause the Companies to consummate the Restructuring Transactions prior to the Closing. Sellers shall be permitted to take such ancillary actions as may be necessary or advisable to effectuate the purpose of the Restructuring Transactions without the consent of the other Parties, other than such action as would reasonably be expected to have, individually or in the aggregate, an adverse effect on any Acquired Company. In addition, Sellers shall be permitted to make such modifications to the Restructuring Transactions as would not reasonably be expected to have, individually or in the aggregate, an adverse effect on any Acquired Company.

5.13 Real Property Transfer. During the Interim Period, Sellers and the El Salvador Acquired Companies Country Segment shall be permitted to undertake the plan set forth in Schedule 5.13 of the Seller Disclosure Schedules and any ancillary actions as may be necessary or advisable to effect the purpose of such plan, other than such action as would reasonably be expected to have, individually or in the aggregate, a material and adverse effect on an Acquired Company. If the plan set forth in Schedule 5.13 has not been completed prior to the Closing, Purchasers shall use Reasonable Best Efforts to cause such plan to be fully executed as soon as reasonably practicable following the Closing.

5.14 Tax Matters.

(a) Transfer Taxes. Sellers shall be responsible for the timely payment of all Transfer Taxes, if any, arising out of or in connection with the Restructuring Transactions and the transactions described in the first sentence of Section 5.8(a) and in Section 5.8(b) and Section 5.13. Subject to the foregoing, Purchasers, on the one hand, and Sellers, on the other hand, shall each be responsible for the timely payment of fifty percent (50%) of all Transfer Taxes imposed in connection with the Transaction. The Party responsible for a Transfer Tax shall prepare and file when due all necessary documentation and Tax Returns with respect to such Transfer Taxes.

(b) Tax Returns. Except as otherwise provided in Section 5.14(a):

(i) Sellers shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns that are required to be filed by any Acquired Company for a Pre-Closing Tax Period. Sellers shall provide a draft of such Tax Returns to Purchasers as soon as reasonably practicable but no later than ten (10) Business Days prior to the due date for Purchasers' review and comment. Sellers shall consider in good faith any reasonable changes to such Tax Returns requested by Purchasers to the extent such changes are received by Sellers not later than five (5) Business Days prior to the due date for filing such Tax Returns; provided, however, that to the extent Purchasers determine, with the written

advice of counsel (to be delivered to Sellers and which is reasonably acceptable to Sellers) that there is not at least a “substantial authority” level of comfort within the meaning of Section 6662(d)(2)(B)(i) of the Code (or any corresponding or similar provision of non-U.S. Law) with respect to any position taken by Sellers in any such Tax Return, Sellers shall accept all reasonable comments from Purchasers with respect to such position and shall provide Purchasers with a revised copy of such Tax Return as promptly as reasonably practicable. With respect to any such Tax Return that is prepared by Sellers but required to be filed by Purchasers or any of the Acquired Companies under applicable Law, Sellers shall provide such Tax Returns to Purchasers, together with the amount of any Taxes shown as due thereon, at least two (2) Business Days prior to the due date for filing such Tax Returns and Purchasers shall execute and file, or cause to be executed and filed, such Tax Returns. Sellers shall ensure that Tax Returns that Sellers are obligated to file pursuant to this Section 5.14(b)(i) shall be prepared in a manner consistent with past practices of the applicable Acquired Company, unless otherwise required by GAAP or applicable Law or local accounting principles. With respect to each Tax Return described in this Section 5.14(b)(i) and which is not required to be filed by Purchasers or any of the Acquired Companies under applicable Law, Sellers shall timely remit (or cause to be timely remitted) any Taxes shown as due on such Tax Returns to the extent that Taxes are required to be remitted upon filing such Tax Returns.

(ii) Purchasers shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns that are required to be filed by any Acquired Company for a Straddle Period. All such Tax Returns shall be prepared and filed in accordance with past practices of the applicable Acquired Company, unless otherwise required by a change in GAAP, applicable Law or local accounting principles; and Purchasers shall provide to Sellers as soon as reasonably practicable but no later than twenty (20) Business Days before the due date for filing such Tax Returns a draft copy of each such Tax Return, accompanied by an allocation (as applicable) in accordance with Section 5.14(c) of the Taxes shown to be due on such Tax Return between the Pre-Closing Tax Period (to be paid by Sellers) and the Post-Closing Tax Period (to be paid by Purchasers), for Sellers’ review and comment. Purchasers shall make any reasonable changes to such Tax Returns requested by Sellers to the extent such changes are received by Purchasers not later than five (5) Business Days prior to the due date for filing such Tax Return. Purchasers shall timely remit, or cause to be timely remitted, all Taxes due in respect of such Tax Returns, and, upon the written request from Purchasers, but in no event later than three (3) Business Days

before the due date for the payment of such Taxes, Sellers shall pay or reimburse (as applicable) Purchasers for the portion of such Taxes for which Sellers are liable pursuant to Section 5.14(i).

(iii) Without the prior written consent of Sellers, Purchasers shall not amend, refile or otherwise modify, or cause or permit to be amended, refile or otherwise modified, any Tax Return filed by any Acquired Company for any taxable year or period beginning on or before the Closing Date, unless such action is required to comply with applicable Law or to the extent required by a final resolution of an audit, claim or other proceeding related to Taxes contested in accordance with Section 5.14(e).

(c) Straddle Period Tax Liabilities. Where it is necessary for purposes of this Agreement to apportion between Sellers and Purchasers the Taxes of or with respect to any Acquired Company for any Straddle Period, such liability shall be apportioned between the period deemed to end at the close of the Closing Date and the period deemed to begin at the beginning of the day following the Closing Date on the basis of an interim closing of the books, except that Taxes (such as real or personal property Taxes) imposed on a periodic basis shall be allocated on a daily basis.

(d) Cooperation on Certain Tax Matters. From and after the Closing, Purchasers, Sellers and each of their Affiliates shall furnish or cause to be furnished to each other or to the Acquired Companies, upon request, as promptly as reasonably practicable, such information (including access to books and records relating to Taxes, but only to the extent such books and records are solely and directly related to the Acquired Companies) and assistance relating to the Acquired Companies as is reasonably necessary for (i) the preparation and filing of any Tax Return, amended Tax Return or claim for refund, (ii) the preparation for any audit, examination or other Action or proceeding with respect to Taxes and for the prosecution or defense of any Action relating to any proposed adjustment or (iii) determining a Liability for Taxes. Such cooperation and information shall include providing copies of all relevant portions of relevant Tax Returns, together with all relevant portions of relevant accompanying schedules, relevant documents relating to rulings or other determinations by Taxing Authorities and relevant records concerning the ownership and Tax basis of property and other relevant information, which any such Party or its Affiliates may possess. From and after the Closing, Purchasers agree to retain or cause to be retained all books and records held by it or any of its Affiliates (including the Acquired Companies) relating to Taxes of the Acquired Companies for a Pre-Closing Tax Period or Straddle Period through at least the expiration of the applicable statute of limitations, and to abide by or cause the abidance with all record retention agreements entered into with any Taxing Authority. From and after the Closing, Purchasers agree to notify Sellers at least sixty (60) days before Purchasers or any of their respective Affiliates transfer, discard or destroy any

such books and records after the period set forth in the preceding sentence and, if Sellers notify Purchasers in writing within such sixty-day (60-day) period that they intend to take possession of such books and records, Purchasers and their respective Affiliates shall allow Sellers and any of their Representatives (at their expense) to take possession of such books and records and shall not transfer, discard or destroy such books and records unless Sellers notify Purchasers in writing that they no longer intend to take possession thereof. Purchasers and Sellers shall reasonably cooperate with each other in the conduct of any audit, filing of Tax Returns or other proceedings involving any Acquired Company for any Tax purposes and each shall execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Section 5.14.

(e) Contests.

(i) If a Party entitled to indemnification pursuant to Section 5.14(i) receives any communication from a Taxing Authority concerning any pending or threatened audit, claim, demand or administrative or judicial proceeding relating to any Taxes or Tax Return which might result in such Party being entitled to an indemnity payment pursuant to Section 5.14(i) (a "Tax Claim"), the Party that may be entitled to indemnification shall promptly, and in no event later than ten (10) Business Days after receipt of any such communication, provide to the Party that may be required to provide indemnification written notice specifying in reasonable detail the basis for such Tax Claim and shall include a copy of the relevant portion of any correspondence received from the Taxing Authority in respect of such Tax Claim; provided, however, that the failure of such Party seeking indemnification to give such prompt and detailed notice shall not relieve the Party that may be required to provide indemnification of any of its obligations under Section 5.14(i), except if, and only to the extent that, the Party that may be required to provide indemnification is prejudiced by such failure (as determined by a court of competent jurisdiction).

(ii) Sellers shall control, in their sole discretion, the defense or prosecution of any Tax Claim relating to the Acquired Companies for any Pre-Closing Tax Period; provided, however, that Purchasers shall be entitled to participate in any such Tax Claim at their own cost and expense, and Sellers shall not, without the prior written consent of Purchasers, which consent shall not be unreasonably withheld, conditioned or delayed, enter into any compromise or settlement of any such Tax Claim that is reasonably likely to increase Purchasers' or the Acquired Companies' liability for Taxes of the Acquired Companies for a Post-Closing Tax Period.

(iii) Purchasers shall control, in their sole discretion, the defense or prosecution of any Tax Claim relating to the Acquired Companies that is not covered by clause (ii); provided, however, that in the case of any such Tax Claim with respect to a Straddle Period or with respect to a Post-Closing Tax Period for which any Seller may have liability under this Agreement, (A) Purchasers shall defend or prosecute the applicable Tax Claim diligently and in good faith; (B) Purchasers shall not, without the prior written consent of Sellers, enter into any compromise or settlement of any such Tax Claim; (C) Purchasers shall promptly inform Sellers of all developments and events relating to such Tax Claim (including promptly responding to questions and information requests and promptly providing to Sellers copies of relevant correspondence to or from any applicable Taxing Authorities relating to such Tax Claim); (D) Sellers or their authorized representatives shall be entitled, at the expense of Sellers, to attend, observe and participate in, but not control, all conferences, meetings and proceedings relating to such Tax Claim; and (E) Purchasers shall take into account all reasonable comments received by Sellers with respect to the defense or prosecution of such Tax Claim.

(f) Carrybacks. Following the Closing Date, Purchasers shall, and shall cause the Acquired Companies to elect, where permitted by Law, to waive the right to carryback to any Pre-Closing Tax Period, or any Straddle Period, any income Tax losses, credits or similar items attributable to any Acquired Company.

(g) Certain Post-Closing Actions.

(i) Purchasers shall not take, or cause or permit any other Person to take, any action (including making, changing or revoking any Tax election) outside the ordinary course of business consistent with past practice to the extent such action could reasonably be expected to (x) increase a Seller's or any of its Affiliates' liability for Taxes or (y) result in, or change the character of, any income or gain that must be reported on any Tax Return filed or to be filed by a Seller or any of its Affiliates (including any Tax Return filed or required to be filed by any Acquired Company for a taxable year or period beginning on or before the Closing Date).

(ii) In addition, and without limiting the generality of the foregoing, from the Closing Date through the end of the taxable periods of each of the Acquired Companies that include the Closing Date, Purchasers shall not, and shall cause their respective Affiliates (including the Acquired Companies) not to (x) take any action or enter into any transaction that would be considered

under the Code to constitute the payment of an actual or deemed dividend by any Acquired Company, including pursuant to Section 304 of the Code, (y) except in the ordinary course of business consistent with past practice, dispose of the stock of any Acquired Company that is treated at the time of such disposition as a corporation for U.S. federal income Tax purposes in a transaction in which gain or loss is recognized for U.S. federal income Tax purposes and (z) except in the ordinary course of business consistent with past practice, pay any distribution treated in whole or in part as a dividend under Sections 316 and 301(c)(1) of the Code from any Acquired Company that is treated (at the time of such distribution) as a corporation for U.S. federal income Tax purposes, other than (A) any such distribution that does not create subpart F income for U.S. federal income Tax purposes or (B) any distribution needed to pay scheduled principal or interest on any Indebtedness of any Acquired Company that existed as of the Closing or that results from a bona fide refinancing of any such Indebtedness (including, in each case, any interest on such Indebtedness accruing after the Closing).

(h) Tax Refunds. Upon receipt, Purchasers shall promptly pay to the applicable Seller the amount of any refund (whether direct or indirect through a right of set-off or credit) of Taxes actually realized by or with respect to any Acquired Company ("Tax Refund"), and any interest received thereon, with respect to any Pre-Closing Tax Period or the pre-Closing portion of any Straddle Period (as determined under Section 5.14(c)). Upon receipt, Sellers shall promptly pay to Purchasers the amount of any Tax Refund, and any interest received thereon, with respect to any Post-Closing Tax Period and the post-Closing portion of any Straddle Period (as determined under Section 5.14(c)). Any payment pursuant to this Section 5.14(h) shall be made net of any Taxes or expenses incurred by the payor as a result of the realization or receipt of such refund of Taxes.

(i) Indemnification for Taxes.

(i) Sellers shall indemnify and hold harmless the Purchaser Indemnified Parties from and against (A) all Taxes of any Acquired Company for any Pre-Closing Tax Period or the pre-Closing portion of any Straddle Period, determined in accordance with Section 5.14(c), including, but not limited to, all income and capital gains Taxes of any Acquired Company for any Pre-Closing Tax Period or the pre-Closing portion of any Straddle Period, determined in accordance with Section 5.14(c), attributable to the Restructuring Transactions and the transactions described in the first sentence of Section 5.8(a) and in Section 5.8(b) and Section 5.13, (B) all Taxes required to be paid by any Acquired Company by reason of such Acquired Company having been a member of an affiliated, consolidated, unitary, or similar group prior to the Closing,

including pursuant to Treasury Regulation section 1.1502-6 or any comparable state, local or foreign Law, (C) all Taxes of any Person required to be paid by any Acquired Company as a transferee or successor pursuant to applicable Law, in either case where the liability of such Acquired Company for such Taxes is attributable to an event or transaction occurring before the Closing, including a merger or reorganization involving such Acquired Company, (D) except as otherwise provided by this Agreement or any other Contract, all Taxes of Sellers or Affiliates of Sellers (other than the Acquired Companies), (E) the breach of any representation or warranty contained in Section 3.9, (F) all income and capital gains Taxes imposed on any Acquired Company or Purchasers resulting from the sale of the Company Shares pursuant to this Agreement (including those attributable to any deemed or indirect transfer of an interest in any Acquired Company triggered by such sale of the Company Shares), (G) the Peruvian ITF tax (“Impuesto a las Transacciones Financieras”) that may be imposed on any amounts to be paid by Purchasers into Sellers’ Peruvian bank accounts (if any), (H) Taxes attributable to any breach by any Seller under this Section 5.14; and (I) any Damages related to the foregoing; provided, however, Sellers shall not have any obligation to indemnify the Purchaser Indemnified Parties pursuant to this Section 5.14(i) to the extent such Taxes are attributable to any breach by any Purchaser under this Agreement.

(ii) Purchasers shall indemnify and hold harmless the Seller Indemnified Parties from and against (A) all Taxes of any Acquired Company for any Post-Closing Tax Period or the post-Closing portion of any Straddle Period, determined in accordance with Section 5.14(c); (B) Taxes attributable to any breach by any Purchasers under this Section 5.14; (C) the Peruvian ITF tax (“Impuesto a las Transacciones Financieras”) that may be imposed on any amounts to be paid by Sellers into Purchasers’ Peruvian bank accounts (if any); and (D) any Damages related to the foregoing; provided, however, Purchasers shall not have any obligation to indemnify the Seller Indemnified Parties pursuant to this Section 5.14(i) to the extent such Taxes are attributable to any breach by Sellers under this Agreement.

(j) Purchase Price Allocation. Within ninety (90) days after the determination of the Adjustment Amount, but in no event more than one hundred fifty (150) days after the Closing, the Sellers shall provide Purchasers with a written allocation of the Purchase Price (including any adjustments thereto pursuant to this Agreement), plus any liabilities deemed assumed for U.S. federal income Tax purposes (the “Purchase Price Allocation Statement”). Sellers may engage a third-party appraisal firm to assist the Sellers in preparing the Purchase Price Allocation Statement. If Purchasers disagree with Sellers with respect to any material item



in the Purchase Price Allocation Statement, Purchasers shall notify Sellers in writing within thirty (30) days of receipt of the Purchase Price Allocation Statement. Purchasers and Sellers shall negotiate in good faith to resolve the dispute. If Purchasers and Sellers are unable to resolve the dispute within fifteen (15) days following receipt by Sellers of Purchasers' disagreement, the Parties shall submit the dispute for resolution by a mutually agreed upon nationally-recognized accounting firm (the "Accounting Firm"), which resolution shall be final, conclusive and binding on the Parties. Purchasers and Sellers shall instruct the Accounting Firm to prepare and deliver a revised Purchase Price Allocation Statement to Purchasers and Sellers within thirty (30) days of the referral of such dispute to Accounting Firm, taking into account all items not in dispute between Purchasers and Sellers (to be included in the revised Purchase Price Allocation Statement in the amounts agreed by Purchasers and Sellers) and those unresolved items requested by Purchasers and Sellers to be resolved by the Accounting Firm. The Parties will share the expenses of the Accounting Firm equally. Each of Purchasers and Sellers shall (i) timely file with each relevant Governmental Entity all forms and Tax Returns required to be filed in connection with the allocations set forth in the Purchase Price Allocation Statement, (ii) be bound by such allocations for purposes of determining Taxes, (iii) prepare and file, and cause their respective Affiliates to prepare and file, their Tax Returns on a basis consistent with such allocations, and (iv) not take any position, or cause their respective Affiliates to take any position, inconsistent with such allocations on any Tax Return, in any audit or proceeding before any Governmental Entity or in any report made for Tax purposes; provided, however, that, notwithstanding anything in this Section 5.14(j) to the contrary, the Parties shall be permitted to take a position inconsistent with that set forth in the Purchase Price Allocation Statement if required to do so by a final and non-appealable decision, judgment, decree or other order by any court of competent jurisdiction.

(k) Section 338(g) Election. If, and only if, requested by Sellers, Purchasers shall timely make an election under Section 338(g) of the Code (and any comparable election under state, local or foreign Tax Law) (a "Section 338(g) Election") with respect to each Acquired Company for which Sellers make such a request. Purchasers will prepare and timely file, or cause to be prepared and timely filed, all documentation required to be submitted to any Taxing Authority in accordance with any applicable Tax Law for each such Section 338(g) Election, including IRS Forms 8023 and 8883 and any similar forms under applicable state, local and foreign Tax Laws (collectively, the "Section 338(g) Forms"), and will provide Sellers with final copies of such Section 338(g) Forms and other documentation confirming their filing not later than fifteen (15) days after such forms are filed. Not later than thirty (30) days prior to the due date for filing of any IRS Form 8883 prepared by Purchasers in accordance with the preceding sentence, Purchasers shall provide Sellers with a draft copy of such IRS Form 8883 for review and comment, and Purchasers shall include, in the IRS Form 8883 filed, all comments provided by Sellers with respect to any such draft copy not later than five (5) days prior to such

due date. If any Section 338(g) Election is requested pursuant to this Section 5.14(k), Purchasers shall provide Sellers with written notice of such Section 338(g) Election and an executed copy of the applicable IRS Form 8023, its attachments and instructions in accordance with the requirements of Treasury Regulations § 1.338-2(e)(4) (any documents so provided, collectively, the “Section 338(g) Notice Documents”) at the Closing. Purchasers shall, and shall cause their respective Affiliates (including the Acquired Companies) to, file all Tax Returns in a manner consistent with any Section 338(g) election made pursuant to this Section 5.14(k) and any Section 338(g) Forms, and shall take no position contrary thereto.

(l) Additional Tax Elections. Upon prior written notification to Purchasers, Sellers shall be entitled in their sole discretion, at any time prior to the Closing, to elect under Treasury Regulations section 301.7701-3(c) to treat as a disregarded entity for U.S. federal Tax purposes any Acquired Company that is currently treated as a corporation for U.S. federal Tax purposes.

#### 5.15 Insurance Policies.

(a) Effective at the Closing, all self-insurance arrangements shall terminate with respect to the Acquired Companies without any further action or liability on the part of the parties thereto.

(b) From and after the Closing, Purchasers shall be solely responsible for providing insurance to the Acquired Companies for any event or occurrence after the Closing.

(c) Except as set forth on Schedule 5.15(b) of the Seller Disclosure Schedules, if any claims have been made prior to the Closing Date against any of the insurance policies that by its terms does or may terminate as a result of the transactions contemplated by this Agreement, then Sellers shall use their Reasonable Best Efforts to permit after the Closing Date, the relevant Acquired Company to continue to pursue such claims and recover proceeds under the terms of such insurance policies (but only to the extent the terms and conditions of such policies reasonably would provide coverage for such claims), and, subject to all of the foregoing, Sellers agree to otherwise reasonably cooperate with Purchasers to make such benefits of any such insurance policies available to any Purchaser or the Acquired Companies, including, for the avoidance of doubt, the payment of the proceeds received after the date of this Agreement of any claims made prior to the Closing Date under such insurance policies.

5.16 Competing Transactions. No Purchaser shall, and shall not permit any of its Affiliates to, directly or indirectly, acquire or agree to acquire, whether by merger, consolidation, purchasing a substantial portion of the assets of or equity in or by any other manner, any assets, business or any Person, including any electric generation assets or business, as well as any assets or businesses in the trunk transmission sector, if the entering into of a

definitive agreement relating to, or the consummation of such acquisition, merger, consolidation or purchase could reasonably be expected to (a) impose any substantial delay in the expiration or termination of any applicable waiting period or impose any substantial delay in the obtaining of, or substantially increase the risk of not obtaining, any authorizations, consents, orders, declarations or approvals of any Governmental Entity necessary to consummate the transactions contemplated by this Agreement, (b) substantially increase the risk of any Governmental Entity entering an order prohibiting such transactions, (c) substantially increase the risk of not being able to remove any such order prohibiting such transactions on appeal or otherwise or (d) substantially delay or impede the consummation of the Transaction.

5.17 Exclusive Dealing. From the date hereof through the earlier of the Closing Date and the termination of this Agreement, Sellers and the Companies will not, and will cause each of the Sellers' and the Companies' respective Representatives and Affiliates not to, directly or indirectly, solicit, encourage, initiate, accept, agree to or consummate any proposals, inquiries or offers from, solicit, encourage, initiate, enter into or participate in inquiries, discussions or negotiations with, or provide any information to, any Person (other than Purchasers or their respective Representatives or Governmental Entities with respect to the Transaction), concerning the purchase of the Acquired Companies (or any membership interests or capital stock of any thereof) or all or any portion of the Acquired Companies' businesses or any merger, sale of all or substantially all assets or similar transaction involving the Acquired Companies (or any membership interests or capital stock of any thereof) or all or any portion of the Acquired Companies' businesses or otherwise cooperate with or assist or participate in or encourage or facilitate in any other manner any effort or attempt by any Person to do or seek to do any of the foregoing or to effect any transaction inconsistent with the Transaction. Sellers and the Companies will as soon as practicable notify Purchasers if, at any time prior to the Closing Date, any bona fide proposal, offer or written inquiry with respect to any of the foregoing is made and of the terms thereof and the identity of the Person making the same. Sellers and the Companies will cease immediately and cause to be terminated any existing activities, discussions or negotiations with any Person conducted heretofore with respect to any of the foregoing with respect to the Acquired Companies. Sellers and the Companies will promptly request all Persons who have heretofore executed a confidentiality agreement in connection with such Persons' consideration of any of the foregoing transactions to return or destroy all confidential information heretofore furnished to such Persons by or on behalf of any Seller or any Company or any Affiliate of any thereof with respect to the Acquired Companies in accordance with such confidentiality agreement, and will use commercially reasonable efforts to enforce all material obligations under such confidentiality agreements.

5.18 Confidential Information.

(a) From and after the Closing until the two (2) year anniversary of the Closing Date, each Seller will, and will cause each of its Affiliates and their respective Representatives to (i) maintain in strict confidence, as such Person maintains its own confidential information, any and all information concerning the Acquired Companies and (ii) refrain from using such information concerning the Acquired Companies for its own benefit or to the detriment of Purchasers or their respective Affiliates (including the Acquired Companies). It is understood that no Seller, nor any of its Affiliates or their respective Representatives, shall have any liability hereunder with respect to any information that (i) was previously known on a non-confidential basis by such Person (other than as a result of such Seller's prior ownership of the Acquired Companies), (ii) is in or, through no fault of any Seller or any Seller's Affiliates or any Seller's or Seller's Affiliate's Representatives, comes into the public domain, (iii) such Seller is legally required to disclose, (iv) is disclosed in connection with Parent's reporting obligations under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or (v) is later lawfully acquired by such Person from sources other than any Purchaser or its Affiliates (including the Acquired Companies) and such sources are not, to such Person's knowledge at the time of disclosure, under any obligation to Purchasers or their respective Affiliates (including the Acquired Companies) to keep such information confidential.

(b) In the event that any Seller or any of its Affiliates or its or their Representatives are required by Law to disclose any such information, to the extent practical and to the extent permitted by Law, such Seller will promptly notify Purchasers in writing so that Purchasers may seek a protective order and/or other motion to prevent or limit the production or disclosure of such information. If such motion has been denied, then such Seller, Affiliate or Representative may disclose only such portion of such information which (i) in the opinion of such Seller's, Affiliate's or Representative's legal counsel is required by Law to be disclosed (provided, however, that such Seller, Affiliate or Representative will use its Reasonable Best Efforts to preserve the confidentiality of the remainder of such information) or (ii) Purchasers consent in writing to having such information disclosed. Such Seller will not, and will not permit any of its Affiliates or its or its Affiliates' Representatives to, oppose any motion for confidentiality brought by Purchasers or any Acquired Company. Such Seller will continue to be bound by its obligations pursuant to this Section 5.19 for any information that is not required to be disclosed, or that has been afforded protective treatment, pursuant to such motion. This Section 5.18(b) shall not apply to any disclosure pursuant to Section 5.18(a)(iv).

#### 5.19 Financing Cooperation.

(a) Prior to the Closing, subject to Sections 5.19(b) and 5.19(c), Sellers agree to use their Reasonable Best Efforts to provide, and shall cause the Acquired Companies and each of their respective officers, directors, employees, accountants, consultants, investment bankers, legal counsel, agents and other advisors and representatives to provide, at Purchasers'

sole cost and expense, all reasonable and timely cooperation reasonably requested by Purchasers (provided, however, Sellers shall not be required to provide, or cause any Acquired Company or other Affiliate to provide, cooperation under this Section 5.19 that involves any binding commitment by Sellers or any of their Affiliates which commitment is not conditioned on the Closing and does not terminate without liability to Sellers or their Affiliates upon the termination of this Agreement prior to Closing) in connection with the arrangement of the Debt Financing contemplated by the Debt Commitment Letter or any Alternative Financing (collectively, the "Available Financing"), including, subject to clauses (b) and (c) below, (i) if applicable facilitating the pledging of collateral and obtaining surveys and title insurance as reasonably requested by Purchasers (provided that such pledge will not take effect until the Closing) (ii) taking such corporate actions as shall be reasonably necessary to permit the consummation of the Financing Agreements and to permit the proceeds thereof to be made available to Purchasers at the Closing, (iii) using Reasonable Best Efforts to obtain legal opinions as may reasonably be requested by Purchasers and (iv) subject to the Confidentiality Agreement, using Reasonable Best Efforts to provide and execute necessary documents and certificates, including consents to collateral assignments and officer's certificates, as may be reasonably requested by Purchasers.

(b) Notwithstanding anything in this Agreement to the contrary, (i) no Seller nor any Acquired Company shall be required to cooperate or take any action that would unreasonably interfere with the day-to-day operations of any Seller or any Acquired Company; (ii) no Seller nor any Acquired Company shall be required to pay any commitment or other similar fee or incur any other liability or obligation in connection with the Financing (or any Alternative Financing) prior to the Closing; (iii) no officer, director, employee, accountant, consultant, investment banker, legal counsel, agent or other advisor of any Seller or any Acquired Company shall be required to deliver any certificate or take any other action pursuant to Section 5.19(a) to the extent any such action would reasonably be likely to result in personal liability to such officer, director, employee, accountant, consultant, investment banker, legal counsel, agent or other advisor, (iv) the board of directors (or similar governing body) of any Seller or any Acquired Company shall not be required to approve any Financing (or any Alternative Financing) or agreements related thereto prior to the Closing, (v) no Seller nor any Acquired Company shall be required to take any action that will conflict with or violate its organizational documents, any Laws or result in a violation of breach of, or default under, any Contract to which any Seller or any Acquired Company is a party (vi) no Seller nor any Acquired Company shall be required to provide any information the disclosure of which is prohibited or restricted under applicable Law or is legally privileged and (vii) neither Seller nor any of the Acquired Companies will be responsible in any manner for information relating to the proposed debt and equity capitalization that may be required in connection with the Available Financing or any pro forma financial information delivered in connection therewith or for any data derived from the

Acquired Companies' historical books and records. Nothing in this Section 5.19(b) shall limit the representations and warranties of Sellers contained in Article II and Article III.

(c) Each Purchaser acknowledges and agrees that Sellers, the Acquired Companies, their Affiliates and its and their respective directors, officers, managers, employees, consultants, legal counsel, financial advisors and agents and other representatives shall not have any responsibility for, or incur any liability to any Person under, any financing that any Purchaser or any of its Affiliates may raise in connection with the transactions contemplated by this Agreement or any cooperation provided pursuant to Section 5.19(a); provided, that for the avoidance of doubt, nothing herein shall affect any liability that Sellers may have to Purchasers for breach of any representation, warranty, covenant or agreement set forth in this Agreement. Whether or not the Closing occurs, Purchasers shall promptly upon request by any Seller (and in any event prior to the Closing) reimburse Sellers for all reasonable and documented out-of-pocket fees and expenses of Sellers, the Acquired Companies and each of their respective officers, directors, employees, accountants, consultants, investment bankers, legal counsels, agents or other advisor in connection with their performance of their respective obligations pursuant to Section 5.19(a). Purchasers shall indemnify and hold harmless Sellers, the Acquired Companies and each of their respective officers, directors, employees, accountants, consultants, investment bankers, legal counsels, agents or other advisors, from and against any and all claims, losses, damages, injuries, liabilities, judgments, awards, penalties, fines, Taxes, costs (including cost of investigation), expenses (including reasonable fees and expenses of counsel) or settlement payments (including any claim by or with respect to any such lenders, prospective lenders, agents and arrangers and ratings agencies) incurred or suffered by any of them in connection with the arrangement of the Financing or any Alternative Financing or the performance of their respective obligations under this Section 5.19 and any information utilized therein (other than (i) material misstatements or omissions in information provided in writing by any Seller or any Acquired Company and (ii) any breach of any representation and warranty set forth in Article II or Article III of this Agreement). This Section 5.19(c) shall survive and remain in full force and effect following termination of this Agreement.

5.20 Transition Services Agreement. After the date of this Agreement, each of the Parties shall negotiate in good faith the terms, conditions and form of a transition services agreement (the "Transition Services Agreement") to be entered into at the Closing (and each of the Parties shall use Reasonable Best Efforts, negotiating in good faith, to finalize the form of the Transition Services Agreement no later than thirty (30) Business Days after the date of this Agreement; provided, however, that (i) the terms of any transition services under the Transition Services Agreement shall be limited to nine (9) months following the Closing Date, subject to extension for an additional three months upon mutual agreement of the Parties or otherwise agreed to in writing by the Parties, (ii) the fees for each such service shall be equal to Sellers' or its applicable Affiliates actual cost to provide such service consistent with Sellers' and its

Affiliates' practice for charging services to Affiliates, and (iii) such services shall be as mutually agreed to by the Parties and shall expressly exclude any services that would violate Law or any Contract (including any license) or would require Sellers or any of their Affiliates to seek any consent, assignment or approval of any third party (including any Governmental Authority).

5.21 Casualty. If any of the material physical assets or properties of the Acquired Companies (taken as a whole) that are primarily used and necessary for the conduct of the businesses of the Acquired Companies, are damaged or destroyed by casualty loss after the date hereof and prior to the Closing, and (a) the cost of restoring such damaged or destroyed material physical assets or properties to a condition reasonably comparable to their prior condition and (b) the amount of any lost profits, in each case, to the extent such costs and lost profits are reasonably expected to accrue after the Closing as a result of such damage or destruction to such material physical assets or properties (net of and after giving effect to any insurance proceeds available to the Acquired Companies for such restoration and lost profits and any Tax benefits related thereto) (such costs and lost profits with respect to any such material physical assets or properties, the "Restoration Cost") is greater than a dollar amount equal to one percent (1%) of Purchase Price but does not exceed a dollar amount equal to ten percent (10%) of Purchase Price, Sellers may elect to reduce the amount of the Purchase Price by the estimated Restoration Cost (as estimated by a qualified firm reasonably acceptable to Purchasers and Sellers), by notice to Purchasers, and such casualty loss shall not affect the Closing. If Sellers do not make such an election within forty-five (45) days after the date such casualty loss is discovered, Purchasers may elect to terminate this Agreement within ten (10) Business Days after the end of such forty-five (45) day period by written notice to Sellers. If the Restoration Cost is in excess of a dollar amount equal to ten percent (10%) of Purchase Price, Sellers may, by notice to Purchasers within forty-five (45) days after the date of such casualty loss, elect to (x) reduce the Purchase Price by the estimated Restoration Cost (as estimated by a qualified firm reasonably acceptable to Purchasers and Sellers) or (y) terminate this Agreement, in each case by providing written notice to Purchasers; provided, however, that if Sellers do not elect to terminate this Agreement as provided in this sentence, then Purchasers may, by written notice to Sellers, terminate this Agreement within ten (10) Business Days of receipt by Purchasers of Sellers' notice regarding its election. If the Restoration Cost is a dollar amount equal to one percent (1%) of Purchase Price or less, (i) neither Purchasers nor Sellers shall have the right or option to terminate this Agreement and (ii) there shall be no reduction in the amount of the Purchase Price. In the event that Sellers elect to reduce the Purchase Price in accordance with this Section 5.21, Sellers shall, and shall cause their Non-Company Affiliates to, use Reasonable Best Efforts to collect amounts due (if any) under available insurance policies or programs in respect of any such casualty loss and shall cause any such insurance proceeds to be contributed or assigned to the applicable Acquired Company that has suffered such casualty loss without any adjustment to Net Working Capital.

5.22 Condemnation. If any of the material physical assets or properties of the Acquired Companies (taken as a whole) that are primarily used and necessary for the conduct of the businesses of the Acquired Companies are taken by condemnation after the date hereof and prior to the Closing and such material physical assets or properties have the sum of (x) a condemnation value and (y) to the extent not included in preceding clause (x), the amount of any lost profits reasonably expected to accrue after the Closing as a result of such condemnation of such material physical assets or properties (net of and after giving effect to any condemnation award any Tax benefits related thereto) (such sum with respect to any such material physical assets or properties of the Acquired Companies (taken as a whole) that are primarily used and necessary for the conduct of the businesses of the Acquired Companies, the "Condemnation Value") greater than a dollar amount equal to one percent (1%) of Purchase Price but do not have a Condemnation Value (as determined by a qualified firm reasonably acceptable to Purchasers and Sellers) in excess of a dollar amount equal to ten percent (10%) of Purchase Price, Sellers may elect to reduce the Purchase Price by such Condemnation Value (less the amount of any condemnation award and Tax benefits related thereto) by notice to the Purchasers, and such condemnation shall not affect the Closing. If Sellers do not make such an election within forty-five (45) days after the date of such condemnation, Purchasers may elect to terminate this Agreement within ten (10) Business Days after such forty-five (45) day period by written notice to Sellers. If the Condemnation Value is in excess of a dollar amount equal to ten percent (10%) of Purchase Price, Sellers may, by notice to Purchasers within forty-five (45) days after the award of condemnation proceeds, elect to (a) reduce the Purchase Price by such Condemnation Value (after giving effect to any condemnation award available and Tax benefits related thereto) or (b) terminate this Agreement, in each case by providing written notice to Purchasers; provided, however, that if Sellers do not elect to terminate this Agreement as provided in this sentence, then Purchasers may, by written notice to Sellers, terminate this Agreement within ten (10) Business Days of receipt by Purchasers of Sellers' notice regarding its election. If the Condemnation Value is a dollar amount equal to one percent (1%) of Purchase Price or less, (A) neither Purchasers nor Sellers shall have the right or option to terminate this Agreement and (B) there shall be no reduction in the amount of the Purchase Price. In the event that Sellers elect to reduce the Purchase Price in accordance with this Section 5.22, Sellers shall, and shall cause their Non-Company Affiliates to, use Reasonable Best Efforts to collect amounts due (if any) under any applicable condemnation award in respect of any such condemnation and shall cause any such condemnation award to be contributed or assigned to the applicable Acquired Company that has suffered such condemnation without any adjustment to Net Working Capital.

5.23 Further Assurances. Each of Sellers, the Companies and Purchasers agrees that, from time to time before and after the Closing Date, they will execute and deliver, and the Companies shall cause the Company Subsidiaries and the Project Companies to execute and deliver, such further instruments, and take, or cause their respective Affiliates to take, such



other action, as may be reasonably necessary to carry out the purposes and intents of this Agreement. Purchasers, the Companies and Sellers agree to use Reasonable Best Efforts to refrain from taking any action which could reasonably be expected to materially delay the consummation of the Transaction.

5.24 Releases. Sellers shall use Reasonable Best Efforts to obtain from each officer, director and other person set forth on Schedule 1.4 of the Seller Disclosure Schedules, on or prior to the Closing Date, a release releasing the applicable Acquired Company, Purchasers and Purchasers' Affiliates from any past, present or future claim each such officer, director or other person may have against such Acquired Company, Purchasers or Purchasers' Affiliates.

5.25 Repair. Sellers shall use Reasonable Best Efforts, and shall cause the Acquired Companies to use Reasonable Best Efforts, to complete, prior to the Closing Date, a repair of the cooling tower at the Las Palmas II facility in Guatemala to a condition at least comparable to its condition prior to the fire at that facility.

5.26 DEI España. Prior to the Closing, (i) DEI España shall take all entity action reasonably necessary to approve the financial statements for the fiscal years 2011, 2012, 2013, 2014 and 2015, and (ii) shall use its Reasonable Best Efforts to duly file and register such annual accounts with the relevant Spanish Commercial Registry (Registro Mercantil).

5.27 Duqueco Indebtedness. Prior to the Closing, Sellers shall not, and shall cause Duke Energy International Duqueco SpA (Chile) ("Duqueco") and any relevant Acquired Company not to, waive, release, assign, settle, compromise or satisfy any Indebtedness owed by Duqueco to any other Person (such Indebtedness, the "Duqueco Debt"), without the prior written consent of Purchasers (which consent shall not be unreasonably withheld, conditioned or delayed); provided, however, that notwithstanding the foregoing, Duqueco shall be permitted, without the prior written consent of Purchasers, to pay an amount in satisfaction of the Duqueco Debt on the date and to the extent such Duqueco Debt becomes due and payable under applicable Law; provided, further, that if Duqueco makes any payments in respect of the Duqueco Debt pursuant to the previous proviso without the prior written consent of Purchasers, the Parties hereto agree that the Purchase Price shall be reduced on a dollar for dollar basis by the aggregate amount of such payments. Prior to the Closing, Purchasers shall reasonably cooperate with Sellers and Duqueco in connection with negotiating the release, settlement, compromise, or satisfaction of the Duqueco Debt.

## ARTICLE VI

### CONDITIONS TO CLOSING

6.1 Conditions to Each Party's Obligations to Effect the Closing. The respective obligations of each Party to effect the Closing shall be subject to the satisfaction or waiver (to the extent permitted by Law) by Purchasers and Sellers, on or prior to the Closing Date, of each of the following conditions precedent:

(a) Statutory Approvals. The Required Statutory Approvals, other than those Required Statutory Approvals set forth on Schedule 6.1(a) of the Seller Disclosure Schedules, shall have been obtained and shall have become Final Orders.

(b) No Injunction. No temporary restraining order or preliminary or permanent injunction or other order by any court of competent jurisdiction preventing consummation of the transactions contemplated by this Agreement shall have been issued and be continuing in effect, and the transactions contemplated by this Agreement shall not have been prohibited under any applicable federal or state Law or regulation; provided, however, that the Parties shall use Reasonable Best Efforts to have any such order or injunction vacated or lifted.

(c) Restructuring Transactions. The Restructuring Transactions shall have been consummated in all material respects.

6.2 Conditions to the Obligations of Purchasers to Effect the Closing. The obligation of Purchasers to effect the Closing shall be further subject to the satisfaction or waiver by Purchasers, on or prior to the Closing Date, of each of the following conditions:

(a) Performance of Obligations of Sellers and the Companies. Sellers and the Companies shall have performed in all material respects all obligations contained in or contemplated by this Agreement which are required to be performed by Sellers and the Companies at or prior to the Closing (other than their respective obligations in Section 5.12, which are the subject of Section 6.1(c)).

(b) Representations and Warranties. (i) The representations and warranties of Sellers set forth in Article II and Article III (other than the Designated Representations of Sellers) shall be true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of the Closing Date, or in the case of representations and warranties that expressly speak only as of an earlier date or time, such representations and warranties need only be true and correct as of such earlier date or time, in each case, after giving effect to the Materiality Scrape, except for such failures of representations and warranties to be true and correct that, individually or in the aggregate, have

not had and would not reasonably be expected to have a Company Material Adverse Effect, and (ii) the Designated Representations of Sellers shall be true and correct (except for *de minimis* inaccuracies) as of the Closing Date as though made on and as of the Closing Date.

(c) Company Required Consents. The Company Required Consents identified on Schedule 6.2(c) of the Seller Disclosure Schedules shall have been obtained and shall be in full force and effect.

(d) Officer's Certificate. Purchasers shall have received a certificate from an authorized officer of each Seller, dated the Closing Date, to the effect that the conditions set forth in Sections 6.2(a) and 6.2(b) have been satisfied.

(e) No Material Adverse Effect. Since the date of this Agreement, no Country Segment-Level Material Adverse Effect with respect to Peru and no Company Material Adverse Effect shall have occurred and be continuing.

6.3 Conditions to the Obligations of Sellers to Effect the Closing. The obligation of Sellers to effect the Closing shall be subject to the satisfaction or waiver in writing by Sellers, on or prior to the Closing Date, of each of the following conditions:

(a) Performance of Obligations of Purchasers. Purchasers shall have performed in all material respects all obligations contained in or contemplated by this Agreement which are required to be performed by Purchasers at or prior to the Closing.

(b) Representations and Warranties. (i) The representations and warranties of Purchasers set forth in Article IV (other than the Designated Representations of Purchasers) shall be true and correct on and as of the Closing Date, or, in the case of representations and warranties that expressly speak only as of an earlier date or time, such representations and warranties need only be true and correct as of such earlier date or time, in each case, after giving effect to the Materiality Scrape, except for such failures of representations and warranties to be true and correct that, individually or in the aggregate, have not had and would not reasonably be expected to have a Purchaser Material Adverse Effect, and (ii) the Designated Representations of Purchasers shall be true and correct (except for *de minimis* inaccuracies) as of the Closing Date as though made on and as of the Closing Date.

(c) Purchaser Required Consents. The Purchaser Required Consents identified on Schedule 6.3(c) of the Purchaser Disclosure Schedules shall have been obtained and shall be in full force and effect.

(d) Officer's Certificate. Sellers shall have received a certificate from an authorized officer of each Purchaser, dated the Closing Date, to the effect that the conditions set forth in Sections 6.3(a) and 6.3(b) have been satisfied.

(e) Section 338(g) Notice Documents. Sellers shall have received any Section 338(g) Notice Documents required to be delivered by Purchasers pursuant to Section 5.14(k).

(f) Tax Basis Certificates. Sellers have obtained the Tax Basis Certificates within the forty-five (45) day period ending on the Closing Date (such that they are valid), provided, however, that if Sellers have not obtained the Tax Basis Certificates within the forty-five (45) day period ending on the Closing Date (such that they have not been so obtained or are not valid), then (1) the Closing Date shall be postponed to a date (the "Extended Closing Date") that is the earlier of (i) ten (10) Business Days after the Closing Date, (ii) the Termination Date, or (iii) an earlier Extended Closing Date mutually agreed to by Sellers and Purchasers, and (2) if Sellers have not obtained the Tax Basis Certificates within the forty-five (45) day period ending on the Extended Closing Date (such that they are valid), Sellers and Purchasers shall have entered into the Basis Certificate Escrow Agreement pursuant to Section 1.4(c).

6.4 Frustration of Closing Conditions. No Party may rely on the failure of any condition set forth in this Article VI to be satisfied if such failure was caused by such Party's failure to act in accordance with this Agreement.

## ARTICLE VII

### TERMINATION

7.1 Termination. This Agreement may be terminated at any time prior to the Closing Date:

(a) by the mutual written agreement of Purchasers, each Company and each Seller;

(b) subject to compliance with Section 10.6, by Sellers (acting together) or Purchasers, if (i) a statute, rule, regulation or executive order shall have been enacted, entered or promulgated prohibiting the consummation of the transactions contemplated hereby or (ii) an order, decree, ruling or injunction shall have been entered permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby, and such order, decree, ruling or injunction shall have become final and non-appealable and the Party seeking to terminate this Agreement pursuant to this Section 7.1(b)(ii) shall have used Reasonable Best Efforts to remove such order, decree, ruling or injunction.

(c) by Sellers (acting together) or Purchasers, by written notice, if the Closing Date shall not have occurred within one hundred eighty (180) days from the date hereof (the "Termination Date");

(d) by Purchasers, so long as Purchasers are not then in material breach of any of their representations, warranties, covenants or agreements hereunder, by written notice to Sellers, if there shall have been a material breach of any representation or warranty of Sellers, or a material breach of any covenant or agreement of Sellers hereunder, or if any representation or warranty of Sellers set forth in the Agreement shall have become untrue, in any such case such that the conditions set forth in Section 6.2(a) or Section 6.2(b) would not be satisfied as of such time, and such breach shall not have been remedied by the earlier of (i) the Termination Date and (ii) the date that is thirty (30) days after receipt by Sellers of notice in writing from Purchasers, specifying the nature of such breach and requesting that it be remedied;

(e) by Sellers (acting together), so long as Sellers and the Companies are not then in material breach of any of their representations, warranties, covenants or agreements hereunder, by written notice to Purchasers, if there shall have been a material breach of any representation or warranty, or a material breach of any covenant or agreement of Purchasers hereunder, or if any representation or warranty of Purchasers set forth in the Agreement shall have become untrue, in any such case such that the conditions set forth in Section 6.3(a) or Section 6.3(b) would not be satisfied as of such time, and such breach shall not have been remedied by the earlier of (i) the Termination Date and (ii) the date that is thirty (30) days after receipt by Purchasers of notice in writing from Sellers, specifying the nature of such breach and requesting that it be remedied;

(f) by Sellers if (i) all the conditions set forth in Sections 6.1 and 6.2 have been satisfied or irrevocably waived (other than those conditions that by their terms are to be satisfied at the Closing) and (ii) Purchasers do not effect the Closing within two (2) Business Days of the day the Closing is required to occur pursuant to Section 1.3;

(g) by Purchasers pursuant to Section 5.9 by written notice to Sellers in accordance with such Section 5.9;

(h) by Sellers (acting together) or Purchasers, pursuant to Section 5.21 by written notice to the other Parties in accordance with Section 5.21;

(i) by Sellers (acting together) or Purchasers, pursuant to Section 5.22 by written notice to the other Parties in accordance with Section 5.22; or

(j) by Sellers (acting together) as provided in Section 1.7.

7.2 Effect of Termination. No termination of this Agreement pursuant to Section 7.1 shall be effective until notice thereof is given to the non-terminating Parties specifying the provision hereof pursuant to which such termination is made. Subject to Section 1.7, if validly terminated pursuant to Section 7.1, this Agreement shall, subject to Section 8.1, become wholly void and of no further force and effect (except with respect to the obligations of the Parties contained in the Confidentiality Agreement, Section 1.7, Section 5.4(b), this Section 7.2 and Articles IX and X, which shall survive such termination) without liability to any Party or to any Affiliate, or their respective members or shareholders, directors, officers, employees, agents, advisors or Representatives, and following such termination no Party shall have any liability under this Agreement or relating to the transactions contemplated by this Agreement to any other Party; provided that subject to Section 1.7, no such termination shall relieve any Party from any liability for any breach of this Agreement or fraud. In the event of the termination of this Agreement as provided in Section 7.1, Purchasers shall comply with all of their obligations under the Confidentiality Agreement.

## ARTICLE VIII

### INDEMNIFICATION

8.1 Survival of Representations, Warranties and Covenants. The representations, warranties and covenants of the Parties hereto contained in this Agreement at the Closing, shall survive the Closing for the periods set forth in this Section 8.1, which the Parties expressly agree are contractual statutes of limitation:

(a) except as otherwise expressly set forth in Section 8.1(b), Section 8.1(c), Section 8.1(d) and Section 8.1(e), all of the representations and warranties set forth in this Agreement shall survive for eighteen (18) months after the Closing;

(b) the representations and warranties set forth in Section 2.1 (Organization and Qualification), Section 2.2 (Authority), Section 2.5 (Company Capitalization; Right and Title to Shares), Section 2.7 (Brokers and Finders), Section 3.1 (Organization and Qualification), Section 3.2 (Authority), Section 3.5 (Capitalization), Section 3.22 (Brokers and Finders), Section 4.1 (Organization and Qualification), Section 4.2 (Authority) and Section 4.9 (Brokers and Finders) (collectively, the "Designated Representations") shall survive the Closing without time limit under this Agreement;

(c) the representations and warranties set forth in Section 3.9 (Tax Matters) shall survive the Closing until the expiration of the applicable statute of limitations; and

(d) the representations and warranties set forth in Section 3.16 (Environmental Matters) shall survive the Closing until the date that is three years after the Closing Date;

(e) the covenants and agreements (i) set forth in Section 5.14 (Tax Matters) shall survive the Closing until the expiration of the applicable statute of limitations; (ii) set forth in this Agreement to be performed solely at or prior to the Closing, shall survive for six (6) months after the Closing; and (iii) set forth in this Agreement to be performed after the Closing shall survive six (6) months after the performance thereof; or

(f) the indemnity obligations under Section 8.2(c) shall survive without time limit.

Notwithstanding the foregoing, any claim made within the applicable time periods set forth in this Section 8.1 with reasonable specificity by the Party seeking to be indemnified shall survive until such claim is finally resolved.

8.2 Indemnification by Sellers Generally. Subject to Section 8.4, from and after the Closing Date each Seller shall, jointly and severally with each other Seller, indemnify and hold harmless Purchasers and their respective Affiliates (including, after the Closing Date, the Companies) and their respective directors, officers, employees, successors, partners, members, counsel, accountants, financial advisors, consultants and assigns (each, a "Purchaser Indemnified Party") from and against all Losses imposed on or suffered or incurred by them in connection with, arising out of or resulting from or caused by:

(a) any breach or inaccuracy of any representation or warranty made by such Seller in this Agreement;

(b) any breach of any covenant or agreement of such Seller or, prior to the Closing, the Acquired Companies, under this Agreement; or

(c) the Restructuring Transactions or anything related thereto (including any action contemplated by or permitted by Section 5.12), the Saudi Arabia Acquired Company Country Segment, the Brazil Acquired Company Country Segment, Duke Energy International Espana Investments, SL, Duke Energy International Mexico Holding Company I, S. de R.L. de C.V. or Proyecto de Autoabastecimiento La Silla, S. de R.L. de C.V.

8.3 Indemnification by Purchasers. Subject to Section 8.4, from and after the Closing Date, Purchasers shall indemnify and hold harmless Sellers and their Affiliates and their respective directors, officers, employees, successors, partners, members, counsel, accountants, financial advisors, consultants and assigns (each, a "Seller Indemnified Party") from and against

all Losses imposed on, suffered or incurred by them in connection with, arising out of or resulting from or caused by (a) any breach or inaccuracy of any representation or warranty made by Purchasers in this Agreement or (b) any breach of any covenant or agreement of Purchasers or, after the Closing, the Acquired Companies, under this Agreement.

8.4 Limitations on Indemnification.

(a) No claim may be made or asserted nor may any Action be commenced pursuant to Sections 8.2 or 8.3 against any Party for breach of any representation, warranty or covenant contained herein, unless written notice of such claim or Action has been given by the Indemnified Party to the Indemnifying Party, describing in reasonable detail the facts and circumstances with respect to the subject matter of such claim or Action, on or prior to the date on which the representation or warranty on which such claim or Action is based ceases to survive as set forth in Section 8.1.

(b) Notwithstanding anything to the contrary contained in this Agreement:

(i) other than with respect to any breach or inaccuracy of any Designated Representation, Sellers shall not be liable for any claim for indemnification pursuant to Section 8.2(a), unless and until the aggregate amount of indemnifiable Losses that may be recovered from Sellers pursuant to Section 8.2(a) equals or exceeds one percent (1%) of the Purchase Price (the "Deductible Amount"), at which point Sellers shall be liable for the amount of those Losses indemnifiable pursuant to Section 8.2(a) in excess of the Deductible Amount;

(ii) other than with respect to any breach or inaccuracy of any Designated Representation, no Losses may be claimed under Section 8.2(a) by any Indemnified Party, nor shall any Losses be reimbursable or included in calculating the aggregate indemnifiable Losses set forth in clause (i) of this Section 8.4(b), other than Losses in excess of one hundred thousand dollars (\$100,000) resulting from any single claim or aggregated claims arising out of related facts, events or circumstances; provided that, subject to this Section 8.4(b), after such amount is reached, all such Losses resulting from such single claim or aggregated claims arising out of related facts, events or circumstances may be claimed under Section 8.2(a) by an Indemnified Party;

(iii) except as otherwise provided in Section 8.4(b)(iv), the maximum amount of indemnifiable Losses that may be recovered from Sellers for any amounts due under Section 8.2(a) for breach or inaccuracy of any



representation or warranty in this Agreement (other than for any Designated Representations) shall be an amount equal to twelve and one-half percent (12.5%) of the Purchase Price (the "Cap"); provided, however, that any indemnification Losses with respect to the Designated Representations shall not be taken into account in determining whether the Cap has been exceeded;

(iv) notwithstanding anything to the contrary in this Agreement, and without limiting the forgoing (including the Cap), the maximum amount of indemnifiable Losses that may be recovered from Sellers for any amounts due under Section 5.14(i) or Section 8.2, except for amounts due under Section 8.2(c), shall be an amount equal to one hundred percent (100%) of the Purchase Price; and

(v) no Party shall have any Liability pursuant to Sections 8.2 or 8.3 for any special, indirect, consequential or punitive damages relating to a breach or alleged breach of this Agreement, provided, however, that any amounts payable to third parties pursuant to a Third Party Claim shall not be deemed special, indirect, consequential or punitive damages.

(c) All representations, warranties, covenants and agreements made by the Indemnifying Party in this Agreement, and the Indemnified Party's right to indemnification with respect thereto, shall not be affected or deemed waived by any investigation made by or on behalf of the Indemnified Party (whether before, on or after the date of this Agreement or before, on or after the Closing Date), or knowledge obtained (or capable of being obtained) as a result of such investigation or otherwise; provided that, notwithstanding the foregoing, no Losses may be claimed under Section 8.2(a) by any Indemnified Party arising out of, or relating to, any inaccuracy or breach of the representation and warranty in Section 3.21(c), to the extent that Purchaser had Knowledge of such breach or inaccuracy as of the date hereof.

(d) The Materiality Scrape shall apply both for purposes of determining the amount of Losses subject to any indemnification claim under this Article VIII and for determining whether or not any breaches of any representations or warranties contained in this Agreement have occurred.

8.5 Notice of Loss; Third Party Claims. Except with respect to Tax Claims, which are governed by Section 5.14(e):

(a) Other than with respect to any Third Party Claim that is provided for in Section 8.5(b), an Indemnified Party shall give the Indemnifying Party notice of any matter that an Indemnified Party has determined has given rise to a right of indemnification under this Article VIII, as soon as practicable after such determination, stating the amount of the Losses, if

known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises; provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Article VIII, except to the extent that the Indemnifying Party is materially prejudiced by such failure.

(b) If an Indemnified Party shall receive notice of any Action or claim, demand (each, a “Third Party Claim”) against it that may give rise to a claim for Losses under this Article VIII, promptly after the receipt of such notice, the Indemnified Party shall give the Indemnifying Party notice of such Third Party Claim (a “Claim Notice”); provided, however, that the failure to provide such notice shall not release the Indemnifying Party from any of its obligations under this Article VIII, except to the extent that the Indemnifying Party is materially prejudiced by such failure (and then only with respect to the extent of such actual and material prejudice). The Indemnifying Party shall be entitled, to the extent permitted by applicable Law, to assume and control the defense of such Third Party Claim at its expense and through counsel reasonably of its choice that is reasonably satisfactory to the Indemnified Party, in each case in accordance with the provisions of this Section 8.5, if it gives notice of its intention to do so to the Indemnified Party within thirty (30) days of its receipt of the Claim Notice.

(c) Notwithstanding the foregoing, if the actual or potential defendants in, or targets of, such Third Party Claim include both the Indemnifying Party and the Indemnified Party, and the Indemnified Party shall have reasonably concluded that there exists an actual conflict of interest between them (including one or more legal defenses available to the Indemnified Party which are not available to the Indemnifying Party) or is reasonably likely to develop during the pendency of the litigation that would make it inappropriate in the reasonable judgment of the Indemnified Party for the same counsel to represent both the Indemnified Party and the Indemnifying Party, then the Indemnified Party shall be entitled to retain one counsel (plus one local counsel, if necessary) reasonably acceptable to the Indemnifying Party, at the expense of the Indemnifying Party; provided, that the Indemnified Party and such counsel shall use diligent and good faith efforts in such defense.

(d) The Indemnified Party shall cooperate with the Indemnifying Party in the defense and settlement of any Third Party Claim and make available to the Indemnifying Party all witnesses, pertinent records, materials and information in the Indemnified Party’s possession or under the Indemnified Party’s control relating thereto as is reasonably required by the Indemnifying Party. Any settlement or compromise of such Third Party Claim by the Indemnifying Party to the extent permitted by applicable Law shall require the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, conditioned or delayed; provided that no such consent shall be required as long as it is solely a monetary

settlement that provides a full release of the Indemnified Party with respect to such Third Party Claim and does not contain an admission of liability on the part of the Indemnified Party.

(e) If the Indemnifying Party does not assume control over the defense of such Third Party Claim as provided in Section 8.5(b), then the Indemnified Party shall have the right to defend such Third Party Claim and the Indemnifying Party shall be required to pay all reasonable costs and expenses incurred by the Indemnified Party in connection with such Third Party Claim; provided that the Indemnified Party shall use diligent and good faith efforts in its defense of such Third Party Claim and shall not settle such Third Party Claim without obtaining the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed. In such event, the Indemnifying Party shall cooperate with the Indemnified Party in the defense and settlement of any Third Party Claim and make available to the Indemnified Party all witnesses, pertinent records, materials and information in the Indemnifying Party's possession or under the Indemnifying Party's control relating thereto as is reasonably required by the Indemnified Party to the extent permitted by applicable Law. The Indemnified Party shall not pay, or permit to be paid, any part of such Third Party Claim unless the Indemnifying Party consents in writing to such payment, which consent shall not be unreasonably withheld, delayed or conditioned, or unless a final judgment from which no appeal may be taken by or on behalf of the Indemnifying Party has been entered against the Indemnified Party for such Third Party Claim.

#### 8.6 Mitigation; Adjustments.

(a) Each Indemnified Party shall use its Reasonable Best Efforts to mitigate any Losses under this Article VIII; provided, however, that no Indemnified Party shall be required to (i) compromise or waive any right or accept any liability or other future obligation or burden in order to mitigate its damages, (ii) incur any material expense or take any action that would cause hardship, including impairing its ability to conduct its business, or (iii) act in any manner which it reasonably believes in good faith is adverse to its own best interests; provided, further, however, that in the event such action or inaction on the part of the Indemnified Party results in greater Losses that could have been reasonably avoided, such Indemnifying Party shall not be liable for such reasonably avoidable Losses. Notwithstanding that mitigation efforts may not have been commenced or completed, nothing contained herein shall limit an Indemnified Party from making a claim for indemnification under this Agreement or from receiving indemnification for Losses in respect of any claim. Purchasers shall, and shall cause the Acquired Companies to, reasonably cooperate with Sellers in recovering from any third parties (including with respect to enforcement of any Acquired Company's indemnification rights) any Loss paid by Sellers pursuant to this Article VIII.

(b) In calculating the amount of any Loss under this Article VIII, the proceeds actually received by the Indemnified Party or any of its Affiliates under any third-party insurance policy, or pursuant to any claim, recovery, settlement or payment by or against any other Person, net of any actual costs, expenses or premiums incurred in connection with securing or obtaining such proceeds, shall be deducted from such Loss or indemnification payment. In the event that an Indemnified Party has any rights against a third party with respect to any occurrence, claim or loss that results in a payment by an Indemnifying Party under this Article VIII, such Indemnifying Party shall be subrogated to such rights to the extent of such payment. Without limiting the generality or effect of any other provision hereof, each Indemnified Party and Indemnifying Party shall duly execute upon request all instruments reasonably necessary to evidence and perfect the subrogation rights detailed herein, and otherwise cooperate in the prosecution of such claims.

(c) The amount of any Damages incurred by the Indemnified Party shall (i) be reduced by the amount of any Tax benefits in connection with the incurrence of such Damages and (ii) be increased by the amount of Tax costs, if any, on the payment of, or in connection with the receipt of, the indemnity payment, in each case as actually realized by the Indemnified Party or any of its Affiliates.

(d) Purchasers and Sellers agree to treat, and to cause their respective Affiliates to treat, for all Tax purposes, any payment made under Section 5.14(i) and this Article VIII, to the maximum extent permitted by applicable Law, as an adjustment to the Purchase Price.

8.7 Remedy. Except for claims of intentional fraud in connection with this Agreement and as otherwise provided in Section 1.7 and Section 10.5 of this Agreement, (a) the remedies provided in Section 5.14(i) and this Article VIII shall be the exclusive remedies of the Parties hereto following the Closing for any Losses arising out of any breach or inaccuracy of the representations or warranties of the Parties contained in this Agreement, and (b) each of the Parties hereto hereby waives, to the fullest extent permitted by applicable Law, any and all rights, claims and causes of action it may have after the Closing against the other Parties hereto with respect to any breach or inaccuracy of the representations or warranties of the Parties contained in this Agreement, arising under or based upon any Law or Governmental Order, other than the right to seek indemnity pursuant to Section 5.14(i) and this Article VIII (except in the case of the Acquired Companies' directors, officers, employees, agents and representatives pursuant to Section 5.7).

8.8 Indemnification for Taxes. Notwithstanding anything contained in this Agreement to the contrary, indemnification for any and all Tax matters, and the procedures with respect thereto, will be governed exclusively by Section 5.14(i), and the provisions of this Article

VIII (except for Sections 8.1, 8.4(b)(iv), 8.6(c), 8.6(d) and this 8.8) will not apply in respect of Taxes.

## ARTICLE IX

### DEFINITIONS AND INTERPRETATION

9.1 Defined Terms. The following terms are defined in the corresponding Sections of this Agreement:

<u>Defined Term</u>	<u>Section Reference</u>
Accounting Firm	Section 5.14(j)
Adjustment Amount Statement	Section 1.6(a)
Affiliate Contracts	Section 3.19(a)
Agreement	Preamble
Agreement Parties	Section 10.17
Affiliate Contracts	Section 3.19(a)
Agreement	Preamble
Allocable Portion	Section 1.2
Alternative Financing	Section 5.11(d)
Available Financing	Section 5.19(a)
CBA	Section 3.17(a)
Claim Notice	Section 8.5(b)
Closing	Section 1.3
Closing Date	Section 1.3
Code	Section 3.12(b)
Commitment Letter	Section 4.6(a)
Companies	Preamble
Company	Preamble
Company Material Contracts	Section 3.15(a)
Company Plans	Section 3.12(a)
Company Required Consents	Section 3.3
Company Required Statutory Approvals	Section 3.4
Concession Real Property	Section 3.14(a)
Concessions	Section 3.14(c)
Condemnation Value	Section 5.22
Continuing Employees	Section 5.6(a)
Contracting Party	Section 3.15(a)
Debt Commitment Letter	Section 4.6(a)
Debt Financing	Section 4.6(a)
Deductible Amount	Section 8.4(b)(i)
DEI España	Preamble
DEI Uruguay	Preamble
DEIG	Preamble
DEII No. 2	Preamble
DEL IV	Preamble

Deposit LC	Section 1.7(a)
Designated Representations	Section 8.1(b)
Disclosure Schedules	Section 10.9
Dispute Notice	Section 1.6(c)
Duqueco	Section 5.27
Duqueco Indebtedness	Section 5.27
Environmental Permits	Section 3.16(a)
Equity Commitment Letter	Section 4.6(a)
Equity Financing	Section 4.6(a)
ERISA Affiliate	Section 3.12(a)
Estimated Adjustment Amount	Section 1.5(a)
Estimated Adjustment Amount Statement	Section 1.5(a)
Estimated Purchase Price	Section 1.2
Excluded Intellectual Property	Section 5.10(a)
Extended Closing Date	Section 6.3(f)
Financing Agreements	Section 5.11(a)
Financing	Section 4.6(a)
Financing Transaction	Section 5.20(a)
Intellectual Property	Section 3.18(b)
Intercompany Indebtedness	Section 3.19(b)
Interim Period	Section 5.1(a)
Leased Real Property	Section 3.14(a)
New Debt Commitment Letter	Section 5.11(d)
Non-Party Affiliates	Section 10.17
Owned Real Property	Section 3.14(a)
Party	Preamble
Purchase Agreement Deposit	Section 1.7
Purchase Price	Section 1.2
Purchase Price Allocation Statement	Section 5.14(j)
Purchaser 1	Preamble
Purchaser 2	Preamble
Purchaser 3	Preamble
Purchasers	Preamble
Purchaser Guaranty	Recitals
Purchaser Indemnified Party	Section 8.2
Purchaser Related Parties	Section 1.7(b)
Purchaser Representative	Section 10.2
Purchaser Required Consents	Section 4.3
Purchaser Required Statutory Approvals	Section 4.4
Relevant Countries	Recitals
Representatives	Section 5.4(a)
Restoration Cost	Section 5.21
Restructuring Transactions	Section 1.8(a)
Schedule Update	Section 5.9
Section 338(g) Election	Section 5.14(k)
Section 338(g) Forms	Section 5.14(k)

Section 338(g) Notice Documents	Section 5.14(k)
Section 409A	Section 3.12(b)
Seller Counsel	Section 10.7(a)
Seller Indemnified Party	Section 8.3
Seller Marks	Section 5.10(a)
Seller Related Parties	Section 1.7(d)
Seller Required Statutory Approvals	Section 2.4
Sellers	Preamble
Sellers Guaranty	Recitals
Tax Claim	Section 5.14(e)(i)
Tax Refund	Section 5.14(h)
Termination Date	Section 7.1(c)
Third Party Claim	Section 8.5(b)
Transaction	Section 1.1
Transition Services Agreement	Section 5.20
Violation	Section 2.3

9.2 Definitions. Except as otherwise expressly provided in this Agreement, or unless the context otherwise requires, whenever used in this Agreement (including the Schedules), the following terms will have the meanings indicated below:

(a) “Acquired Companies” means, collectively, the Companies, the Company Subsidiaries and the Project Companies and each, individually, an “Acquired Company.”

(b) “Acquired Company Country Segment” means the grouping of the Acquired Companies set forth in Schedule 9.2(1) of the Seller Disclosure Schedules.

(c) “Action” means any claim, action, suit, demand, complaint, notice of violation, audit, assessment, investigation of which the subject party has received written notice, legal proceeding, litigation or other proceeding, of any nature, in law or in equity, in each case, by or before any Governmental Entity, or any arbitration or mediation proceeding by or before any arbitrator or Governmental Entity.

(d) “Adjustment Amount” means an amount equal to the sum, which may be a positive or negative number, of (A) (i) the Net Working Capital as of the Closing, minus (ii) the Target Net Working Capital, the result of which may be a positive or negative number, and (B) (i) the Target Total Indebtedness, minus (ii) the Total Indebtedness as of Closing, the result of which may be a positive or negative number.

(e) “Affiliate” means, with respect to any Person or group of Persons, a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such Person or group of Persons; provided that any Person (other than any Acquired Company) that owns Equity Interests in any Project Company shall be deemed not to be an Affiliate of any of the Acquired Companies. “Control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, whether through the ownership of voting securities or other Equity Interests, by contract or credit arrangement, as trustee or executor, or otherwise.

(f) “Basis Certificate Escrow Account” means the escrow account opened pursuant to the Basis Certificate Escrow Agreement.

(g) “Basis Certificate Escrow Agreement” means the escrow agreement to be executed, by and among Sellers, Purchasers, and the escrow agent thereunder, prior to the Closing, in a form to be reasonably mutually agreed upon by Purchasers and Sellers, whereby an escrow account will be opened in which the Estimated Purchase Price and/or the Post-Closing Payment will be deposited in the event the Tax Basis Certificates have not been obtained at least five (5) Business Days prior to the Closing Date. The Basis Certificate Escrow Agreement shall provide for the funds (and any earnings thereon) to be released to Sellers upon the earlier of (i) confirmation of the issuance of the Tax Basis Certificates or (ii) Sellers’ decision, in their sole discretion, not to obtain the Tax Basis Certificates.



(h) "Business Day" means a day other than a Saturday or Sunday or any other day on which banks are not required to be open or are authorized to close in New York, New York.

(i) "Company Material Adverse Effect" means any change, event, effect, fact, circumstance, matter or occurrence that, individually or in the aggregate with any other changes, events, effects, facts, circumstances, matters or occurrences have, or would reasonably be expected to have, any material adverse effect on (x) the businesses, assets, condition (financial or otherwise) or results of operations of the Acquired Companies, taken as a whole, or (y) the ability of Sellers to consummate the transactions contemplated by this Agreement or perform their obligations at and prior to the Closing; provided, however, that none of the following shall constitute or be taken into account in determining whether there has been or is a Company Material Adverse Effect: (i) any changes, events or developments in the international, national, regional, state or local economy or financial, securities or credit markets (including changes in prevailing interest rates); (ii) any changes, events or developments in the international, national, regional, state or local (A) industry in which an Acquired Company operates or (B) regulatory or political conditions; (iii) any changes, events or developments relating to "acts of war" (whether or not declared), armed hostilities or terrorism or relating to national security; (iv) any changes that result from natural disasters or "acts of God" or other "force majeure" events; (v) any changes in weather conditions, customer usage patterns or hydrology; (vi) any effects or conditions resulting from the public announcement of this Agreement, compliance with terms of this Agreement or the consummation of the transactions contemplated by this Agreement (including any actions taken by any Purchaser, any Seller or any of their respective Affiliates that are not in violation of this Agreement and that are taken to obtain any Required Statutory Approval); (vii) the effect of any action expressly required to be taken in accordance with this Agreement or consented to in writing by Purchaser; (viii) any changes in (A) any Law (including Environmental Laws and any interpretation or enforcement thereof by any Governmental Entity but excluding Tax Laws), regulatory policies or industry standards, or (B) accounting standards, principles or interpretations; (ix) any change in the financial condition or results of operation of an Acquired Company, including a reduction in the credit rating, to the extent attributable to any action of any Purchaser or its Affiliates or the transactions expressly contemplated by this Agreement; (x) any changes in the costs of commodities or supplies, including fuel, or changes in the price of electricity or (xi) the Restructuring Transactions; provided that in the case of the foregoing clauses (i) through (v), (viii) and (x) above, any such changes, events, effects, facts, circumstances, matters or occurrences (individually or taken together) may be taken into account in determining the occurrence of a "Company Material Adverse Effect" to the extent such changes, events, effects, facts, circumstances, matters or occurrences have a disproportionate effect on the Acquired

Companies, taken as a whole, relative to other Persons operating in the electricity generating, natural gas and electric power transmission industries.

(j) “Country Segment-Level Material Adverse Effect” means any change, event, effect, fact, circumstance, matter or occurrence that, individually or in the aggregate with any other changes, events, effects, facts, circumstances, matters or occurrences have, or would reasonably be expected to have, any material adverse effect on (x) the businesses, assets, condition (financial or otherwise) or results of operations of an Acquired Company Segment, taken as a whole, or (y) the ability of Sellers to consummate the transactions contemplated by this Agreement or perform their obligations prior to the Closing; provided, however, that none of the following shall constitute or be taken into account in determining whether there has been or is a Country Segment-Level Material Adverse Effect: (i) any changes, events or developments in the international, national, regional, state or local economy or financial, securities or credit markets (including changes in prevailing interest rates); (ii) any changes, events or developments in the international, national, regional, state or local (A) industry in which an Acquired Company operates or (B) regulatory or political conditions; (iii) any changes, events or developments relating to “acts of war” (whether or not declared), armed hostilities or terrorism or relating to national security; (iv) any changes that result from natural disasters or “acts of God” or other “force majeure” events; (v) any changes in weather conditions, customer usage patterns or hydrology; (vi) any effects or conditions resulting from the public announcement of this Agreement, compliance with terms of this Agreement or the consummation of the transactions contemplated by this Agreement (including any actions taken by any Purchaser, any Seller or any of their respective Affiliates that are not in violation of this Agreement and that are taken to obtain any Required Statutory Approval); (vii) the effect of any action expressly required to be taken in accordance with this Agreement or consented to in writing by Purchaser; (viii) any changes in (A) any Law (including Environmental Laws and any interpretation or enforcement thereof by any Governmental Entity but excluding Tax Laws), regulatory policies or industry standards, or (B) accounting standards, principles or interpretations; (ix) any change in the financial condition or results of operation of an Acquired Company, including a reduction in the credit rating, to the extent attributable to any action of any Purchaser or its Affiliates or the transactions expressly contemplated by this Agreement; (x) any changes in the costs of commodities or supplies, including fuel, or changes in the price of electricity; or (xi) the Restructuring Transactions; provided that in the case of the foregoing clauses (i) through (v), (viii) and (x) above, any such changes, events, effects, facts, circumstances, matters or occurrences (individually or taken together) may be taken into account in determining the occurrence of a “Company Material Adverse Effect” to the extent such changes, events, effects, facts, circumstances, matters or occurrences have a disproportionate effect on the Acquired Companies, taken as a whole, relative to other Persons operating in the electricity generating, natural gas and electric power transmission industries.

(k) “Company Shares” means (i) the DEIG Shares, (ii) the 3,003,006 shares of DEI España, par value EUR 1 per share and (iii) the 12,000 shares of DEII No. 2, par value USD 1 per share.

(l) “Company Subsidiary” means each of the Persons set forth in Schedule 3.5(a) of the Seller Disclosure Schedules.

(m) “Confidentiality Agreement” means the Confidentiality Agreement, dated April 4, 2016, between I Squared Capital Advisors (US) LLC and Parent.

(n) “Consent” means any consent, approval, authorization, order, filing, notice, registration, waiver, qualification or similar action of, by or with any Person.

(o) “Contract” means any legally binding contract, agreement, lease, license, instrument, commitment, evidence of Liabilities, mortgage, indenture, purchase order, legally binding bid or offer, letter of credit, security agreement or other similar arrangement, excluding any Permit.

(p) “Damages” means Liabilities, demands, claims, suits, actions, or causes of action, losses, costs, expenses, damages and judgments, amounts paid in settlement, fines, penalties, interest, whether or not resulting from third party claims (including reasonable fees and expenses of attorneys and accountants).

(q) “DEIG Shares” means the 20,000 shares of DEIG, par value USD 1 per share.

(r) “Environmental Law” means any foreign, federal, state or local Law relating to (i) the treatment, Release or threatened Release of Hazardous Substances or (ii) the preservation and protection of the environment (including natural resources, protected species and cultural resources, air and surface or subsurface land or waters).

(s) “Equity Interests” means shares of capital stock or other equity interests.

(t) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(u) “Escrow Financing Expenses” means all cash interest expenses (but not any commitment, ticking, upfront, original issue discount or other fees and expenses of Purchasers) accrued (whether payable or not but subject to the actual payment in cash thereof by Purchasers) under the Escrow Financing during the Escrow Financing Term.

(v) “Escrow Financing Term” shall mean the period commencing on the Escrow Funding Date and ending on (but not including) the Escrow Termination Date.

(w) “Escrow Funding Date” shall mean the date the Loans have been funded into escrow pursuant to an escrow agreement in accordance with Section 5.11(i).

(x) “Escrow Termination Date” shall mean the earliest of (i) the consummation of the Closing, (ii) the termination of this Agreement, (iii) any material breach of this Agreement by Purchasers or any breach by Purchasers or their Affiliates under the Debt Commitment Letter or any Financing Agreement, and (iv) the Termination Date.

(y) “Final Order” means a final order by the relevant regulatory authority, which has not been reversed, stayed, enjoined, set aside, annulled or suspended, with respect to which any waiting period prescribed by Law before the transactions contemplated hereby may be consummated has expired (but without the requirement for expiration of any applicable rehearing or appeal period), and as to which all conditions to the consummation of such transactions prescribed by Law, regulation or order have been satisfied.

(z) “GAAP” means generally accepted accounting principles as applied in the United States or in the Relevant Countries, as applicable.

(aa) “Good Utility Practice” means the practices, methods and acts engaged in or approved by a significant portion of the industry of the Acquired Companies during the relevant time period, or any of the practices, methods and acts that, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practices are not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather are intended to include practices, methods and acts generally accepted in the region.

(bb) “Governmental Entity” means any supranational, national, federal, state, municipal or local governmental or quasi-governmental (including non-governmental entities that exercise administrative or public duties by delegation according to applicable Law) or regulatory authority (including a national securities exchange or other self-regulatory body), agency, court, commission or other similar entity, domestic or foreign whether legislative, judicial or executive.

(cc) “Governmental Order” means any order (other than any Permit), decree, ruling, injunction, judgment or similar act of or by any Governmental Entity.

(dd) "Hazardous Substance" means any material, substance or waste (whether liquid, gaseous or solid) that (i) requires removal, investigation, remediation or reporting under any Environmental Law, or is listed, classified or regulated as a "hazardous waste" or "hazardous substance" (or other similar term) pursuant to any applicable Environmental Law or (ii) is regulated under applicable Environmental Laws as being toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, including any petroleum product or by-product, petroleum-derived substances wastes or breakdown products, asbestos or polychlorinated biphenyls.

(ee) "Indebtedness" means any of the following: (a) any indebtedness for borrowed money; (b) any obligations evidenced by bonds, debentures, notes or other similar instruments; (c) any obligations to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business; (d) any obligations as lessee under capitalized leases; (e) any obligations, contingent or otherwise, under bonds, acceptances, letters of credit or similar facilities in each case to the extent drawn; (f) any obligations that would properly be classified as indebtedness in accordance with GAAP; (g) any guaranty, pledge or grant of security interest in respect of any of the foregoing and (i) all accrued but unpaid interest on any of the foregoing (including, for these purposes, all accrued liabilities under any interest rate protection, commodity or currency hedge agreements, futures, swaps, collars, puts, calls, floors, caps, options or similar derivative products); provided, that to the extent that the settlement of all such obligations in clause (i) results in a net gain to the Acquired Companies, such net gain shall reduce Indebtedness; provided, further, however, that in no event will Indebtedness include (i) indebtedness incurred by any Acquired Company that is owed to another Acquired Company, or (ii) undrawn amounts under existing letters of credit, surety bonds, lines of credit and revolving credit facilities.

(ff) "Independent Accountants" means an internationally recognized firm of accountants appointed as mutually agreed by Purchaser Representative and Sellers (and which firm in any case does not serve as the independent auditor of Purchasers or Sellers); provided that if Purchasers and Sellers are unable to agree on an such firm, Seller shall propose two such firms and Purchaser Representative shall select one; provided that if Purchaser Representative does not provide notice of its selection within five (5) Business Days, Sellers shall be entitled to select one of the proposed firms to serve as Independent Accountants.

(gg) "Indemnified Party" means a Purchaser Indemnified Party or a Seller Indemnified Party, as the case may be.

(hh) "Indemnifying Party" means Sellers for the purpose of Section 8.2 and Purchasers for the purpose of Section 8.3, as the case may be.

(ii) “Investors” mean I Squared Capital.

(jj) “IRS” means the United States Internal Revenue Service.

(kk) “Knowledge” when used with respect to a Company, means the actual knowledge (after due inquiry of the individuals reporting directly to such individual with responsibility for the relevant subject matter area) of those officers of such Company or its Affiliates set forth in Schedule 9.2(2)(a) of the Seller Disclosure Schedules; when used with respect to a Seller, means the actual knowledge (after due inquiry of the individuals reporting directly to such individual with responsibility for the relevant subject matter area) of those officers of such Seller, any Acquired Company or any of their Affiliates set forth in Schedule 9.2(2)(b) of the Seller Disclosure Schedules; and when used with respect to Purchasers, means the actual knowledge (after due inquiry of the individuals reporting directly to such individual with responsibility for the relevant subject matter area) of those officers of Purchasers or their Affiliates set forth in Schedule 9.2(2)(c) of the Purchaser Disclosure Schedules.

(ll) “Law” means any law, statute, ordinance, regulation, other pronouncement having the effect of recognized, binding law, or rule of or by any Governmental Entity or any arbitrator.

(mm) “Liabilities” means any and all known liabilities or indebtedness of any nature (whether direct or indirect, absolute or contingent, liquidated or unliquidated, due or to become due, accrued or unaccrued, matured or unmatured, asserted or unasserted, determined or determinable and whenever or however arising).

(nn) “Lien” means any lien, claim, security interest, mortgage, charge, option, restrictive covenant, easement, purchase right, hypothecation, encumbrance or other adverse claim.

(uu) “Losses” means any losses, damages, claims, fees, fines, costs and expenses, interest, awards, settlements, Liabilities, recourses, judgments and penalties (including reasonable attorneys’ fees and costs of collection and other expenses incurred in investigation, preparing or defending the foregoing).

(oo) “Material Lease” means, collectively, the Contracts set forth on Schedule 3.14(a)(i) of the Seller Disclosure Schedules.

(pp) “Materiality Scrape” means, with respect to any representation or warranty that includes any qualification, exception or limitation that uses the term “Material Adverse Effect”, “material adverse effect”, “material”, “materially” or “in all material respects”, that none of those qualifications, exceptions or limitations is given any effect and the

representation or warranty will be interpreted as if those terms were not included; provided that, for the avoidance of doubt, the Materiality Scrape does not apply to: (i) the phrase “in all material respects” with respect to the fair presentation of any financial statement prepared in accordance with GAAP; (ii) any defined term (including “Company Material Adverse Effect”, “Country Segment-Level Material Adverse Effect”, “Purchaser Material Adverse Effect”, “Company Material Contract” or “Material Lease”) and any reference in any defined term to “Material Adverse Effect”, “material adverse effect”, “material”, “materially” or “in all material respects”; or (iii) any term or provision of this Agreement that is not a representation or warranty, including any covenant, agreement, condition or rule of construction.

(qq) “Net Working Capital” means (without duplication) the amount (expressed as a positive or negative number) equal to (i) the total current assets of the Acquired Companies on a combined basis, minus (ii) the total current liabilities of the Acquired Companies on a combined basis, in each case (A) excluding Taxes, including both current and deferred Tax assets and both current and deferred Tax liabilities, (B) adjusted for the relevant ownership of each Acquired Company by the Companies, (C) measured as of the time immediately prior to the consummation of, and without giving effect to, the transactions contemplated hereby and (D) determined in accordance with the methodology used in the preparation of Schedule 9.2(3) of the Seller Disclosure Schedules, and otherwise in accordance with GAAP; provided that to the extent that there is any conflict between the provisions of this definition, the application of GAAP, and Schedule 9.2(3) of the Seller Disclosure Schedules, the provisions of this definition shall control.

(rr) “Non-Company Affiliate” means any Affiliate of any Seller, except for any of the Acquired Companies.

(ss) “OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

(tt) “OFAC Sanctions” means any sanctions program administered by OFAC.

(uu) “OFAC Sanctioned Person” means any government, country, entity, group or individual with whom or which the OFAC Sanctions prohibit a U.S. Person from engaging in transactions and includes any entity, group or individual that appears on the SDN List.

(vv) “Operating Contract” means any Contract (i) providing for the purchase, sale, supply, transportation or transmission of electric power, gas, coal, oil or other fuel and (ii) any Contract for the operation and maintenance of any assets of any of the Project Companies.

(ww) “Organizational Documents” means, with respect to any corporation, its articles or certificate of incorporation, memorandum or articles of association and by-laws or documents of similar substance; with respect to any limited liability company, its articles or certificate of organization, formation or association and its operating agreement or limited liability company agreement or documents of similar substance; with respect to any limited partnership, its certificate of limited partnership and partnership agreement or documents of similar substance; and with respect to any other entity, documents of similar substance to any of the foregoing.

(xx) “Parent” means Duke Energy Corporation, a Delaware corporation and an Affiliate of Sellers.

(yy) “Permits” means all permits, licenses, franchises, registrations, variances, authorizations, Consents, orders, certificates and approvals obtained from or otherwise made available by any Governmental Entity or pursuant to any Law.

(zz) “Permitted Liens” means (i) Liens for Taxes (A) not yet due and payable, (B) being contested in good faith or (C) for which reserves have been established in accordance with GAAP, (ii) Liens of warehousemen, mechanics and materialmen and other similar statutory Liens incurred in the ordinary course of business consistent with past practice that are (I) not delinquent or (II) that are being contested in good faith by appropriate proceedings or for which reserves have been established in accordance with GAAP, (iii) any Liens that do not materially detract from the value of any of the applicable property, rights or assets of the businesses or materially interfere with the use thereof as currently used, (iv) zoning, entitlement, conservation, restriction or other land use or environmental regulation imposed by any Governmental Entity to regulate or affecting the assets of any Acquired Company, (v) restrictions on transfer of the Equity Interests of any Acquired Company Lien arising under (A) the Organizational Documents of each Acquired Company or (B) any shareholders or similar agreement to which any Acquired Company is a party or by which it is bound.

(aaa) “Person” means any natural person, firm, partnership, association, corporation, company, joint venture, trust, business trust, Governmental Entity or other entity.

(bbb) “Post-Closing Payment” means an amount (positive or negative) equal to the Estimated Adjustment Amount minus the actual Adjustment Amount.

(ccc) “Post-Closing Tax Period” means any taxable year or period that begins after the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period beginning on the day after the Closing Date.



(ddd) "Pre-Closing Tax Period" means any Tax period ending on or before the Closing Date.

(eee) "Project Company" means each of the Persons set forth in Schedule 3.5(b).

(fff) "Purchaser Assignment" means the Assignment substantially in the form of Exhibit D.

(ggg) "Purchaser Disclosure Schedules" means the disclosure schedules delivered by Purchasers to Sellers on the date of this Agreement.

(hhh) "Purchaser Guarantor" means ISQ Global Infrastructure Fund L.P. (Cayman), a Cayman Islands exempted limited partnership.

(iii) "Purchaser Material Adverse Effect" means, with respect to a Purchaser, any material adverse effect on the ability of such Purchaser or Purchaser Guarantor to consummate the transactions contemplated by this Agreement or perform its obligations hereunder or under the Purchaser Guaranty, as the case may be.

(jjj) "Real Property" means the Owned Real Property, the Leased Real Property and the Concession Real Property.

(kkk) "Reasonable Best Efforts" means the efforts, time and costs a prudent Person desirous of achieving a result would use, expend or incur in similar circumstances to achieve such results as expeditiously as possible, provided that such Person is not required to expend funds or assume liabilities beyond those that are reasonable in nature and amount in the context of the Transaction (provided that, for the avoidance of doubt, when "Reasonable Best Efforts" is used in relation to obtaining the Financing, it is agreed that Purchasers shall pay all amounts that are required under the Commitment Letters, the Financing Agreements and agree to the full extent of the "Flex" terms necessary to obtaining the Financing).

(lll) "Release" means the release, spill, emission, leaking, pumping, pouring, emptying, escaping, dumping, injection, deposit, disposal, discharge, dispersal, leaching or migrating of any Hazardous Substance on, into, under or through the environment.

(mmm) "Relevant Material Contract Amount" means the amount set forth in Schedule 9.2(4) of the Seller Disclosure Schedules.

(nnn) "Relevant Aggregate Interim Period Amount" means the aggregate amount set forth in Schedule 9.2(5) of the Seller Disclosure Schedules.

(ooo) "Relevant Interim Period Amount" means the individual amount set forth in Schedule 9.2(6) of the Seller Disclosure Schedules.

(ppp) "Required Statutory Approvals" means the Seller Required Statutory Approvals, Company Required Statutory Approvals and Purchaser Required Statutory Approvals, to the extent relating to filings, waivers, approvals, consents, authorizations and notices required to be made with, obtained from or provided to a Governmental Entity prior to the Closing.

(qqq) "Seller Material Adverse Effect" means, with respect to a Seller, any material adverse effect on the ability of such Seller to consummate the transactions contemplated by this Agreement or perform its obligations hereunder.

(rrr) "Seller Disclosure Schedules" means the disclosure schedules delivered by Sellers to Purchasers on the date of this Agreement.

(sss) "Sellers Guarantor" means Duke Energy Corporation, a Delaware corporation.

(ttt) "Sellers' Share of Escrow Financing Expenses" shall mean, (i) during the period commencing on the Escrow Funding Date through the earlier to occur of (A) the Escrow Termination Date and (B) the date that is 89 days after the Escrow Funding Date, fifty percent (50%) of the Escrow Financing Expenses during such period; provided, however, that, with respect to each thirty day period thereof, Sellers' Share of Escrow Financing Expenses shall not exceed \$625,000 in the aggregate (such amount to be prorated for any such period that is less than 30 days), and (ii), with respect to the period commencing on the date that is 90 days after the date the Escrow Funding Date (if the Escrow Termination Date has not occurred prior to such date, through the earlier to occur of (A) the Escrow Termination Date and (B) the date that is 179 days after the date the Escrow Funding Date, one-hundred percent (100%) of the Escrow Financing Expenses; provided, however, that, with respect to each thirty day period thereof, Sellers' Share of Escrow Financing Expenses shall not exceed \$1.25 million in the aggregate (such amount to be prorated for any such period that is less than 30 days)

(uuu) "Straddle Period" means any Tax period that begins on or before the Closing Date and ends after the Closing Date.

(vvv) "Subsidiary" means, with respect to any Person (for the purposes of this definition, the "parent"), any other Person (other than a natural person), whether incorporated or unincorporated, of which at least a majority of the securities or ownership interests having by their terms ordinary voting power to elect a majority of the board of directors or other persons performing similar functions is directly or indirectly owned or controlled by the

parent or by one or more of its respective Subsidiaries or by the parent and any one or more of its respective Subsidiaries.

(www) "Target Net Working Capital" means an amount equal to \$78,800,000.

(xxx) "Target Total Indebtedness" means an amount equal to \$336,135,000.

(yyy) "Tax" or "Taxes" means any and all taxes, including any interest, penalties or other additions to tax, that may become payable in respect thereof, imposed by any Governmental Entity, which taxes shall include all income taxes, profits taxes, taxes on gains, alternative minimum taxes, estimated taxes, payroll taxes, employee withholding taxes, unemployment insurance taxes, social security taxes, welfare taxes, disability taxes, severance taxes, license charges, taxes on stock, sales taxes, harmonized sales taxes, use taxes, ad valorem taxes, value added taxes, excise taxes, goods and services taxes, franchise taxes, gross receipts taxes, occupation taxes, real or personal property taxes, land transfer taxes, stamp taxes, environmental taxes, transfer taxes, workers' compensation taxes, windfall taxes, net worth taxes, custom and import/export taxes and duties and other taxes of the same or of a similar nature to any of the foregoing.

(zzz) "Tax Basis Certificates" means the certificates to be obtained by the Sellers from the Peruvian Taxing Authority by which said authority acknowledges DEIG's Tax basis in the shares of each Peruvian Acquired Company, including any certificates deemed implicitly granted by the Peruvian Taxing Authority in accordance with applicable Peruvian Tax Laws.

(aaaa) "Taxing Authority" means the IRS and any other domestic or foreign Governmental Entity responsible for the administration or collection of any Taxes, including any national, federal, state and local Governmental Entity with such responsibility.

(bbbb) "Tax Returns" means all tax returns, declarations, statements, reports, schedules, forms and information returns and any amendments to any of the foregoing relating to Taxes.

(cccc) "Total Indebtedness" means (without duplication) the amount (expressed as a positive number) equal to the sum of (i) all obligations for borrowed money of the Acquired Companies on a combined basis, (ii) any other obligations owed by an Acquired Company under any credit agreement or facility, or evidenced by any note, bond, debenture or other debt security or instrument made or issued by such Acquired Company, (iii) all obligations for the deferred purchase price of property or services with respect to which an Acquired

Company is liable (but shall not include any purchase order commitments, any accounts payable, accruals for expenses and other similar obligations), (iv) all capitalized lease obligations of an Acquired Company to the extent classified as such in accordance with GAAP and (v) all interest, premium and prepayment penalties due and payable in respect of any of the foregoing, in each case (A) measured as of the time immediately prior to the consummation of, and without giving effect to, the transactions contemplated hereby (but only if and to the extent the foregoing are retained by the Acquired Companies immediately following the Closing), (B) determined in accordance with the methodology used in the preparation of Schedule 9.2(7) of the Seller Disclosure Schedules, and otherwise in accordance with GAAP, (C) adjusted for the relevant ownership of each Acquired Company by the Companies and (D) excluding any items taken into account in the definition of Net Working Capital; provided that to the extent that there is any conflict between the provisions of this definition, the application of GAAP and Schedule 9.2(7) of the Seller Disclosure Schedules, the provisions of this definition shall control.

(dddd) "Transfer Taxes" means any and all transfer Taxes (excluding Taxes measured in whole or in part by income or gain and excluding the Peruvian ITF tax ("Impuesto a las Transacciones Financieras")), including sales, use, value added, excise, goods and services, stock, conveyance, registration, business and occupation, securities transactions, real estate transfer, land, stamp, documentary, notarial, filing, recording, permit, license, authorization and similar Taxes and fees.

(eeee) "Virtual Data Room" means the virtual data room containing documents and information relating to, among other things, the Acquired Companies and their respective businesses and the Company Shares, made available by the Companies in electronic form to Purchasers.

9.3 Interpretation. In this Agreement, unless otherwise specified, the following rules of interpretation apply:

(a) references to Sections, Schedules, Annexes, Exhibits and Parties are references to sections or sub-sections, schedules, annexes and exhibits of, and parties to, this Agreement;

(b) the section and other headings contained in this Agreement are for reference purposes only and do not affect the meaning or interpretation of this Agreement;

(c) words importing the singular include the plural and vice versa;

(d) references to the word "including" do not imply any limitation;

(e) the words “hereof”, “herein” and “hereunder” and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement; and

(f) references to “\$” or “dollars” refer to United States dollars.

## ARTICLE X

### GENERAL PROVISIONS

10.1 Notices. All notices, requests and other communications to any Party hereunder shall be in writing (including electronic facsimile transmission) and shall be given by delivery in person, by an internationally recognized overnight courier service, by facsimile or certified mail (postage prepaid, return receipt requested) or by email, receipt confirmed via reply of the intended recipient (other than an automatically generated response or confirmation) (with a confirmation copy to be given by delivery in person or internationally recognized courier service or certified mail) to such Party at the following addresses (or at such other address or electronic facsimile number for a Party as shall be specified in a notice given in accordance with this Section 10.1):

(a) if to Purchasers or, after the Closing, to the Companies, to:

I Squared Capital Advisors (US) LLC  
410 Park Avenue #830,  
New York, NY 10022  
Attention: General Counsel  
Facsimile No.: (212) 339-5390  
  
Email: [generalcounsel@isquaredcapital.com](mailto:generalcounsel@isquaredcapital.com)

with a copy to:

Chadbourne & Parke LLP  
1301 Avenue of the Americas New York, NY 10019  
Attention: Marwan Azzi  
Facsimile No.: (212) 541-5369  
  
Email: [MAzzi@chadbourne.com](mailto:MAzzi@chadbourne.com)

(b) if to Sellers or, prior to the Closing, to the Companies, to:

Duke Energy Brazil Holdings II C.V. OR Duke Energy International Uruguay Investments SRL OR Duke Energy International Group S.a.r.l. OR Duke Energy International España Holdings SL OR Duke Energy International Investments No. 2 Ltd  
c/o Duke Energy Corporation  
550 South Tryon Street, DEC-45A  
Charlotte, NC 28202  
Attention: Greer Mendelow, Deputy General Counsel  
Facsimile No.: 980-373-9962  
  
Email: Greer.Mendelow@duke-energy.com

with a copy to:

Skadden, Arps, Slate, Meagher & Flom LLP  
1440 New York Avenue, N.W.  
Washington, DC 20005  
Attention: Pankaj K. Sinha, Esq.  
Facsimile No.: 202-661-8238  
  
Email: Pankaj.Sinha@skadden.com

or to such other address or addresses as the Parties may from time to time designate in writing.

All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and if such day is a Business Day. Otherwise, any such notice, request or other communication shall be deemed not to have been received until the next succeeding Business Day.

10.2 Amendments and Waivers: Actions by Purchasers. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each Party to this Agreement, or in the case of a waiver, by the Party against whom the waiver is to be effective. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. No failure or delay by any Party in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof, preclude any other or further exercise thereof or the exercise of any other right. Each Purchaser hereby appoints Enerlam (UK) Holdings Ltd. as its representative for all purposes under this Agreement; provided that the Purchasers may from time to time appoint another Purchaser to act in that capacity by giving written notice to Sellers (sign by all the Purchasers) and if any such notice is given the Purchaser designated in that notice will thereafter be the representative of the Purchasers for all purposes of this Agreement (the "Purchaser Representative"). Sellers and the Companies shall be entitled to rely on the actions of any Purchaser Representative as representative of all Purchasers for all purposes herein.

10.3 Assignment; Binding Effect. Purchasers may assign, without the prior written consent of the Sellers, (i) this Agreement, including all rights, interests and obligations of Purchasers hereunder, (x) pursuant to the Purchaser Assignment and (y) to one or more of Purchasers' respective Affiliates as designated by Purchasers, and (ii) its rights to indemnification under this Agreement to Purchasers' lenders, Affiliates, financing sources or collateral agents or trustees for any financing source, successors in interest and, in the case of the transfer by Purchasers of all or substantially all of the assets or shares of an Acquired Company, the Purchasers' rights to indemnification under this Agreement solely in respect of such transferred shares or assets; provided,

that, in each case, such assignment shall not (i) release any Purchaser from its obligations hereunder (except as provided in the Purchaser Assignment) or (ii) impede or delay the Closing or the consummation of the transactions contemplated by this Agreement. Except as provided in the preceding sentence or in connection with the Restructuring Transactions contemplated by Section 5.12, this Agreement may not be assigned by a Party by operation of Law or otherwise without the express written consent of the other Party, and any attempt to assign this Agreement without such consent shall be void and of no effect. Subject to this Section 10.3, this Agreement shall be binding upon, and shall inure to the benefit of, the Parties and their respective successors and assigns.

10.4 Governing Law; Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed by, and construed in accordance with, the Laws of the State of New York, without regard to the conflict of laws rules thereof.

(b) All actions or proceedings arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement shall be heard and determined exclusively in any federal court sitting in the Borough of Manhattan of The City of New York; provided, however, that if such federal court does not have jurisdiction over such action or proceeding, such action or proceeding shall be heard and determined exclusively in any state court sitting in the Borough of Manhattan of The City of New York. Consistent with the preceding sentence, the Parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or New York state court sitting in the Borough of Manhattan of The City of New York for the purpose of any action or proceeding arising out of or relating to this Agreement brought by any Party, (ii) irrevocably waive, and agree not to assert by way of motion, defense or otherwise, in any such action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the action or proceeding is brought in an inconvenient forum, that the venue of the action or proceeding is improper, or that this Agreement or the transactions contemplated by this Agreement may not be enforced in or by any of the above-named courts and (iii) irrevocably consent to and grant any such court exclusive jurisdiction over the Person of such Parties and over the subject matter of such action or proceeding and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 10.1 or in such other manner as may be permitted by applicable Law shall be valid and sufficient service thereof.

(c) EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY ACTION OR PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF,

UNDER OR IN CONNECTION WITH (i) THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT OR (ii) ANY FINANCING WHETHER NOW EXISTING OR HEREAFTER PROVIDED OR COMMITTED TO BE PROVIDED. EACH OF THE PARTIES HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF ACTION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION 10.4(c).

10.5 Specific Performance. The Parties recognize and agree that if for any reason any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached, immediate and irreparable harm or damage would be caused for which money damages would not be an adequate remedy. Accordingly, each Party agrees that, except as otherwise provided in Section 1.7, in addition to any other available remedies, each Party shall be entitled to seek to enforce specifically the terms and provisions of this Agreement or to seek an injunction restraining any breach or violation or threatened breach or violation of any of the provisions of this Agreement without the necessity of posting a bond or other form of security. In the event that any action or proceeding should be brought in equity to enforce the provisions of this Agreement, no Party shall allege, and each Party hereby waives the defense, that there is an adequate remedy at Law, except as otherwise provided in Section 1.7. Except as otherwise provided in Section 1.7, the Parties further agree that (i) by seeking any remedy provided for in this Section 10.5, a Party shall not in any respect waive its right to seek any other form of relief that may be available to such party under this Agreement and (ii) nothing contained in this Section 10.5 shall require any Party to institute any action for (or limit such Party's right to institute any action for) specific performance under this Section 10.5 before exercising any other right under this Agreement.

10.6 Failure to Obtain Certain Required Statutory Approvals.

Notwithstanding anything to the contrary contained in this Agreement, if the Required Statutory Approvals set forth on Schedule 6.1(a) of the Seller Disclosure Schedules have not been obtained but all other Required Statutory Approvals have been obtained, the Closing shall promptly occur in accordance with Section 1.3, and, after the Closing, Purchasers shall be solely responsible for (a) pursuing and obtaining the outstanding Required Statutory Approvals set forth on Schedule 6.1(a) of the Seller Disclosure Schedules and (b) complying with the results and conditions thereof without any recourse to Sellers (including without any claim or right to indemnification under Section 5.14(i) or Section 8.2); provided that Sellers shall have caused the relevant



Acquired Company to file an application to obtain the Required Statutory Approvals set forth on Schedule 6.1(a) of the Seller Disclosure Schedules with the relevant Governmental Entity within a reasonable time frame from the date hereof.

10.7 Waiver.

(a) It is acknowledged by the Parties that Sellers and the Companies have used or retained the counsel set forth in Schedule 10.7 of the Seller Disclosure Schedules to act as their counsel in connection with the transactions contemplated by this Agreement (“Seller Counsels”) and that Seller Counsels have not acted as counsel for any other Person in connection with the transactions contemplated by this Agreement for conflict of interest or any other purposes. Purchasers and the Companies agree that any attorney-client privilege and the expectation of client confidence attaching as a result of Seller Counsels’ representation of Sellers and the Companies related to the preparation for, and negotiation and consummation of, the transactions contemplated by this Agreement, including all communications among Seller Counsels and Sellers, the Acquired Companies and/or their respective Affiliates in preparation for, and negotiation and consummation of, the transactions contemplated by this Agreement, shall survive the Closing and shall remain in effect. Furthermore, effective as of the Closing, (i) all communications (and materials relating thereto) between the Acquired Companies, on the one hand, and Seller Counsels or any other legal counsel or financial advisor, on the other hand, related to the preparation for, and negotiation and consummation of, the transactions contemplated by this Agreement are hereby assigned and transferred to Sellers, (ii) the Acquired Companies hereby release all of their rights and interests to and in such communications and related materials and (iii) the Acquired Companies hereby release any right to assert or waive any privilege related to the communications referenced in this Section 10.7.

(b) Purchasers and the Companies agree that, notwithstanding any current or prior representation of the Acquired Companies by Seller Counsels, Seller Counsels shall be allowed to represent Sellers or any of their Affiliates in any matters and disputes adverse to any Purchaser and/or the Acquired Companies that either is existing on the date hereof or arises in the future and relates to this Agreement and the transactions contemplated hereby; and Purchasers and the Acquired Companies hereby waive any conflicts or claim of privilege that may arise in connection with such representation. Further, Purchasers and the Companies agree that, in the event that a dispute arises after the Closing between any Purchaser or the Companies and Sellers or any of their Affiliates, Seller Counsels may represent Sellers or their Affiliates in such dispute even though the interests of Sellers or their Affiliates may be directly adverse to any Purchaser or the Acquired Companies and even though Seller Counsels may have represented the Acquired Companies in a matter substantially related to such dispute.

(c) Each Purchaser acknowledges that any advice given to or communication with Sellers or any of their Affiliates (other than the Acquired Companies) shall not be subject to any joint privilege and shall be owned solely by Sellers or their Affiliates. Purchasers and the Companies each hereby acknowledge that each of them has had the opportunity to discuss and obtain adequate information concerning the significance and material risks of, and reasonable available alternatives to, the waivers, permissions and other provisions of this Agreement, including the opportunity to consult with counsel other than Seller Counsels.

10.8 Entire Agreement; Severability.

(a) This Agreement, the Disclosure Schedules, the Sellers Guaranty, the Purchaser Guaranty and the Confidentiality Agreement constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both oral and written, between the Parties with respect to the subject matter hereof and thereof.

(b) If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any Law or public policy, all of the other terms and provisions of this Agreement shall nevertheless remain in full force and effect for so long as the economic or legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner in order for the transactions contemplated by this Agreement to be consummated as originally contemplated to the greatest extent possible.

10.9 Disclosure Schedules. There may be included in the Seller Disclosure Schedules or the Purchaser Disclosure Schedules (collectively, the "Disclosure Schedules") items and information, the disclosure of which is not required either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more representations or warranties contained in Article II, Article III or Article IV or to one or more covenants contained in Article V. Inclusion of any items or information in the Disclosure Schedules shall not be deemed to be an acknowledgment or agreement that any such item or information (or any non-disclosed item or information of comparable or greater significance) is "material" or is reasonably likely to result in a Company Material Adverse Effect or to affect the interpretation of such term for purposes of this Agreement. The Disclosure Schedules set forth items of disclosure with specific reference to the particular Section and/or subsection of this Agreement to which the items or information in such Disclosure Schedules relates; provided, however, that any information set forth in one section or subsection pertaining to the representations, warranties and covenants of the Seller Disclosure Schedules or the Purchaser

Disclosure Schedules, as the case may be, shall be deemed to apply to each other section or subsection thereof pertaining to representations, warranties and covenants to the extent that it is reasonably apparent that it is relevant to such other sections or subsections of the Seller Disclosure Schedules or the Purchaser Disclosure Schedules, as the case may be.

10.10 No Third Party Beneficiaries. Except as otherwise expressly provided in this Agreement (including in Section 1.7, Section 5.7, Section 8.2, Section 8.3, Section 8.4, Section 10.16 and Section 10.17), this Agreement shall be binding upon and inure solely to the benefit of the Parties and their respective successors and permitted assigns, and nothing herein, express or implied, is intended to or shall confer upon any other Person other than Sellers, Purchasers and their respective successors and permitted assigns, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

10.11 Payments.

(a) In the event that this Agreement or any of the transactions contemplated by this Agreement provides for a payment to Sellers, then the party making such payment shall pay to each Seller an amount equal to such Seller's Allocable Portion of such payment.

(b) In the event that this Agreement or any of the transactions contemplated by this Agreement provides for a payment by Sellers, then each Seller shall pay to the party receiving such payment an amount equal to such Seller's Allocable Portion of such payment.

(c) Notwithstanding the foregoing, in the event that this Agreement or any of the transactions contemplated by this Agreement provides for a payment that is only applicable to a certain Company or certain Companies, any such payment shall only be made to or by the Seller(s) holding the Company Shares in such Company.

(d) All amounts owed by Purchasers to Sellers, or by Sellers to Purchasers, under this Agreement any of the transactions contemplated by this Agreement that are not paid when due shall be paid together with interest thereon at an annual rate equal to four percent (4%), from the date it is due until, and including, the date of payment.

10.12 Expenses. Except as otherwise set forth in this Agreement, all costs and expenses (including fees and expenses of counsel and financial advisors) incurred in connection with this Agreement or the transactions contemplated hereby shall be paid by the Party incurring such costs or expenses, whether or not the Closing shall have occurred, except that costs incurred by the Acquired Companies in connection with all filing and court fees shall be shared one-half by Sellers and one-half by Purchasers. Sellers will reimburse Purchasers for the Sellers' Share

of Escrow Financing Expenses payable under Section 5.11(i), to the extent not paid directly by Sellers, promptly, and in any event within twenty (20) Business Days after Purchaser Representative delivers to Sellers a reasonably detailed invoice showing the aggregate amount of the Escrow Financing Expenses incurred, which invoices may be delivered not more often than once every thirty (30) calendar days. All payments of Sellers of the Sellers' Share of Escrow Expenses Sellers to Purchasers under this Agreement will be made by wire transfers of immediately available United States dollars to such bank or other accounts in the United States as the Purchaser Representative may from time to time designate in a written notice delivered to Sellers not less than five (5) Business Days prior to the date any such payment is required to be made.

10.13 Currency. All amounts payable to or by any Party under this Agreement shall be paid in United States dollars, unless otherwise expressly specified. All amounts set forth in this Agreement are denominated in United States dollars unless otherwise expressly specified. In the event any conversion between United States dollars and another currency is required in connection with this Agreement for any reason, such conversion shall be done at the exchange rate in effect on the date of any such determination based on the average of the exchange rates for such conversion published in The Wall Street Journal on each of the five (5) Business Days preceding such date of determination or such other day on which this Agreement or the Disclosure Schedules specify such conversion is to be calculated. If The Wall Street Journal is not published on the Business Day in question, then the exchange rate published in The New York Times on such Business Day shall be used or, if neither The Wall Street Journal nor The New York Times is published on such Business Day, then the exchange rate quoted on such Business Day, or quoted on the nearest Business Day preceding such Business Day, by Citibank, N.A. (or its successor) in New York City, New York, shall be used.

10.14 Counterparts. This Agreement may be executed and delivered (including by facsimile or other electronic transmission) in one or more counterparts, and each of which when executed shall be deemed to be an original, but all of which taken together shall constitute one and the same agreement. The facsimile or other electronic transmission of any signed original counterpart of this Agreement shall be deemed to be the delivery of an original counterpart of this Agreement.

10.15 Acknowledgment. DEIG hereby acknowledges the sale and purchase of the Company Shares of DEIG under the terms and conditions of this Agreement for the purposes of article 190 of the Luxembourg law on commercial companies dated 10 August 1915, as amended, and of article 1690 of the Luxembourg civil code.

10.16 Financing Related Agreements. Notwithstanding anything to the contrary contained herein, each Seller agrees on behalf of itself and its Affiliates that none of the

financing sources shall have any liability or obligation to the Sellers or any Affiliates of any of the Sellers relating to this Agreement, any related documentation or any of the transactions contemplated herein or therein (including any Debt Financing). This Section 10.16 is intended to benefit and may be enforced by any financing source and shall be binding on all successors and assigns of the Seller.

10.17 Non-Recourse. All claims or causes of action (whether in Contract or in tort, in Law or in equity, or granted by statute) that may be based upon, in respect of, arise under, out of or by reason of, be connected with, or related in any manner to this Agreement and the Transaction may be made only against (and are expressly limited to) the Persons that are expressly identified as Parties hereto (the "Agreement Parties"). No Person who is not an Agreement Party, including any director, officer, employee, incorporator, member, partner, manager, stockholder, Affiliate, agent, attorney or representative of, and any financing source for, or financial advisor or lender to, any of the foregoing ("Non-Party Affiliates"), shall have any liability (whether in Contract or in tort, in Law or in equity, or granted by statute or based upon any theory that seeks to impose liability of an entity party against its owners or Affiliates) for any claims, causes of action, obligations or liabilities arising under, out of, in connection with or related in any manner to this Agreement or the Transaction or based on, in respect of, or by reason of this Agreement or the Transaction or their negotiation, execution performance or breach; and, to the maximum extent permitted by Law, each Agreement Party waives and releases all such liabilities, claims and obligations against any such Non-Party Affiliates. Without limiting the foregoing, to the maximum extent permitted by Law, (a) each Agreement Party hereby waives and releases any and all rights, claims, demands, or causes of action that may otherwise be available at Law or in equity, or granted by statute, to avoid or disregard the entity form of an Agreement Party or otherwise impose liability of an Agreement Party on any Non-Party Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization or otherwise; and (b) each Agreement Party disclaims any reliance upon any Non-Party Affiliates with respect to the performance of this Agreement or the Transaction or any representation or warranty made in, in connection with or as an inducement to this Agreement or the Transaction. The parties acknowledge and agree that the Non-Party Affiliates are intended third-party beneficiaries of this Section 10.17.

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IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

**DUKE ENERGY LUXEMBOURG IV, S.A.R.L., ACTING IN ITS  
CAPACITY AS GENERAL PARTNER FOR AND ON BEHALF  
OF DUKE ENERGY BRAZIL HOLDINGS II, C.V.**

By: /s/ Kris C. Duffy

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Name: Kris C. Duffy

Title: Authorized Signatory

By: /s/ Xavier De Cillia

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Name: Xavier De Cillia

Title: Authorized Signatory

**DUKE ENERGY INTERNATIONAL URUGUAY  
INVESTMENTS SRL**

By: /s/ Armando De Azevedo Henriques

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Name: Armando De Azevedo Henriques

Title: Authorized Signatory

**DUKE ENERGY INTERNATIONAL GROUP S.A.R.L.**

By: /s/ Kris C. Duffy

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Name: Kris C. Duffy

Title: Authorized Signatory

By: /s/ Xavier De Cillia

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Name: Xavier De Cillia

Title: Authorized Signatory

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**DUKE ENERGY INTERNATIONAL ESPAÑA HOLDINGS SL**

By: /s/ Armando De Azevedo Henriques

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Name: Armando De Azevedo Henriques

Title: Authorized Signatory

**DUKE ENERGY INTERNATIONAL INVESTMENTS NO. 2 LTD.**

By: /s/ Armando De Azevedo Henriques

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Name: Armando De Azevedo Henriques

Title: Authorized Signatory

**ISQ ENERLAM AGGREGATOR, L.P.**

By: /s/ Adil Rahmathulia

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Name: Adil Rahmathulia

Title: Authorized Signatory

**ENERLAM (UK) HOLDINGS LTD.**



By: /s/ Thomas Lefebvre

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Name: Thomas Lefebvre

Title: Authorized Signatory

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 4, 2016

Commission file  
number

Registrant, State of Incorporation or Organization,  
Address of Principal Executive Offices, and Telephone Number

IRS Employer  
Identification No.

1-32853

**DUKE ENERGY CORPORATION**

(a Delaware corporation)  
550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

20-2777218



Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02 Results of Operations and Financial Conditions.**

On November 4, 2016, Duke Energy Corporation issued a news release announcing its financial results for the third quarter ended September 30, 2016. A copy of this news release is attached hereto as Exhibit 99.1. The information in Exhibit 99.1 is being furnished pursuant to this Item 2.02.

**Item 9.01 Financial Statements and Exhibits.**

*(d) Exhibits*

99.1 News Release issued by Duke Energy Corporation on November 4, 2016

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**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

DUKE ENERGY CORPORATION

/s/ WILLIAM E. CURRENS JR.

William E. Currens Jr.

Senior Vice President, Chief Accounting Officer and Controller

Dated: November 4, 2016

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**EXHIBIT INDEX**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
99.1	News Release issued by Duke Energy Corporation on November 4, 2016

## News Release



Media Contact: Catherine Butler  
24-Hour: 800.559.3853

Analysts: Mike Callahan  
Office: 704.382.0459

Nov. 4, 2016

### **Duke Energy reports third quarter 2016 financial results**

- **Third quarter 2016 GAAP reported diluted earnings per share (EPS) were \$1.70 compared to \$1.35 for the third quarter of 2015**
- **Adjusted diluted EPS of \$1.68 for third quarter 2016, compared to \$1.47 for the third quarter of 2015**
- **Company trending toward the high end of its original 2016 adjusted diluted earnings guidance range of \$4.50 to \$4.70 per share, excluding costs associated with Hurricane Matthew**

CHARLOTTE, N.C. - Duke Energy today announced third quarter 2016 reported diluted EPS, prepared in accordance with Generally Accepted Accounting Principles (GAAP) of \$1.70, compared to \$1.35 for third quarter 2015. Third quarter 2016 adjusted diluted EPS was \$1.68, compared to \$1.47 for third quarter 2015.

GAAP reported diluted EPS includes the impact of special items, which are excluded from adjusted diluted EPS. Special items during the third quarter of 2016 include favorable tax adjustments on previously disposed businesses, charges related to costs to achieve mergers and cost savings initiatives, and an impairment of certain wind projects within commercial renewables.

Third quarter adjusted diluted EPS was higher than the prior year driven by warm summer weather throughout Duke Energy's service territories, higher retail volumes and rider revenues, and ongoing cost management efforts.

Based upon strong results through the third quarter, and the early closing of Piedmont Natural Gas, the company is trending toward the high end of its original 2016 adjusted diluted earnings guidance range of \$4.50 to \$4.70 per share, excluding fourth-quarter costs associated with Hurricane Matthew.

"We delivered strong financial results again this quarter underpinned by solid operational performance and reached pivotal milestones in transitioning our business portfolio," said Lynn Good, Duke Energy chairman, president and CEO. "The recent closing of our Piedmont Natural Gas acquisition, complemented by the announced sale of our international business, advances our portfolio transition and positions us as a premier regulated energy company."

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## Business segment results

In addition to the quarterly business segment discussion below, a comprehensive table of quarterly and year-to-date earnings per share drivers compared to the prior year is provided on pages 14 and 15.

The discussion below of the third-quarter results includes both GAAP segment income and adjusted segment income, which is a non-GAAP financial measure. The tables on pages 23 through 26 present a detail of special items and a reconciliation of GAAP reported results to adjusted results.

During the first quarter of 2016, Duke Energy began to evaluate interim period segment performance based on financial information that includes the impact of income tax levelization within segment income. This represents a change from the previous measure, where the interim period impacts of income tax levelization were included within Other, and therefore excluded from segment income. As a result, prior period segment results presented in this release have been recast to conform to this change.

## Regulated Utilities

On a reported basis, Regulated Utilities recognized third quarter 2016 segment income of \$1,200 million, compared to \$905 million in the third quarter of 2015. In addition to the drivers outlined below, quarterly results were impacted by a \$56 million after-tax impairment charge in the prior year related to the September 2015 Edwardsport settlement. This charge was treated as a special item and therefore excluded from adjusted earnings.

On an adjusted basis, Regulated Utilities recognized third quarter 2016 adjusted segment income of \$1,200 million, compared to \$965 million in the third quarter 2015, an increase of \$0.34 per share.

Higher quarterly results at Regulated Utilities were primarily driven by:

- Favorable weather (+\$0.14 per share) driven by warmer temperatures across all Duke Energy service territories
- Lower effective tax rate (+\$0.08 per share) due to prior year income tax adjustments
- Higher rider revenues (+\$0.05 per share) primarily related to energy efficiency and grid investment riders at Duke Energy Progress and Duke Energy Ohio, respectively
- Increased weather-normal retail customer volumes (+\$0.04 per share)
- Lower O&M expenses (+\$0.02 per share), primarily as a result of ongoing cost savings initiatives, despite higher storm costs (-\$0.02 per share)

## Commercial Portfolio

On a reported basis, Commercial Portfolio recognized a third quarter 2016 segment loss of \$21 million, compared to segment income of \$8 million in the third quarter of 2015. In addition to the drivers outlined below, quarterly results were impacted by a \$45 million after-tax impairment charge in the current year associated with equity method investments in certain

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wind projects. This charge was treated as a special item and therefore excluded from adjusted earnings.

On an adjusted basis, Commercial Portfolio recognized third quarter 2016 adjusted segment income of \$24 million, compared to \$7 million in the third quarter 2015, an increase of \$0.02 per share.

Higher quarterly results at Commercial Portfolio were primarily driven by additional wind and solar plants placed in service and improved wind resources.

### **International Energy**

International Energy recognized third quarter 2016 reported and adjusted segment income of \$64 million, compared to \$69 million in the third quarter 2015, a decrease of \$0.01 per share.

### **Other**

Other primarily includes corporate interest expense not allocated to the business units, results from Duke Energy's captive insurance company, and other investments.

On a reported basis, Other recognized third quarter 2016 net expense of \$189 million, compared to net expense of \$45 million in the third quarter of 2015. In addition to the drivers outlined below, quarterly results were impacted by \$37 million of higher costs to achieve mergers and \$12 million of charges in the current year related to cost savings initiatives, both net of tax. These charges were treated as special items and therefore excluded from adjusted earnings.

On an adjusted basis, Other recognized third quarter 2016 adjusted net expense of \$125 million, compared to adjusted net expense of \$30 million in the third quarter 2015, a decrease of \$0.14 per share. The increased net expense was primarily driven by a higher effective tax rate (-\$0.13 per share) due to prior year income tax benefits and an unfavorable audit settlement in the current year.

The consolidated reported effective tax rate for third quarter 2016 was 32.9 percent, compared to 30.9 percent in the third quarter of 2015. The consolidated adjusted effective tax rate for third quarter 2016 was 33.5 percent, compared to 31.6 percent in the third quarter of 2015. Adjusted effective tax rate is a non-GAAP financial measure. The tables on pages 27 and 28 present a reconciliation of GAAP reported effective tax rate to adjusted effective tax rate.

### **Discontinued Operations**

In the third quarter, Duke Energy recognized an income tax benefit of \$122 million within Discontinued Operations due to deferred tax liability adjustments related to the Midwest Generation Disposal Group and another previously sold business.

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### Earnings conference call for analysts

An earnings conference call for analysts is scheduled for 10 a.m. ET today to discuss Duke Energy's financial performance for the quarter and other business and financial updates.

The conference call will be hosted by Lynn Good, chairman, president and chief executive officer, and Steve Young, executive vice president and chief financial officer.

The call can be accessed via the investors' section (<http://www.duke-energy.com/investors/>) of Duke Energy's website or by dialing 877-741-4253 in the United States or 719-325-4802 outside the United States. The confirmation code is 4938179. Please call in 10 to 15 minutes prior to the scheduled start time.

A replay of the conference call will be available until 1 p.m. ET, Nov. 14, 2016, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 4938179. A replay and transcript also will be available by accessing the investors' section of the company's website.

### Special Items and Non-GAAP Reconciliation

The following table presents a reconciliation of GAAP reported to adjusted diluted EPS for quarterly results in 2016 and 2015:

(In millions, except per-share amounts)	After-Tax Amount	3Q 2016 EPS	3Q 2015 EPS
Diluted EPS, as reported		\$ 1.70	\$ 1.35
Adjustments to reported EPS:			
<b>Third Quarter 2016</b>			
Costs to achieve, mergers	\$ 52	0.07	
Cost saving initiatives	12	0.02	
Commercial Renewables impairment	45	0.07	
Discontinued operations	(122)	(0.18)	
<b>Third Quarter 2015</b>			
Costs to achieve, Progress merger	15		0.02
Edwardsport Settlement	56		0.08
Ash Basin Settlement	4		0.01
Discontinued operations	5		0.01
Total adjustments		\$ (0.02)	\$ 0.12
Diluted EPS, as adjusted		\$ 1.68	\$ 1.47

### Non-GAAP financial measures

Management evaluates financial performance in part based on non-GAAP financial measures, adjusted earnings and adjusted diluted EPS. These items represent income from continuing operations net of income (loss) attributable to noncontrolling interests, adjusted for the dollar and per-share impact of special items. Special items represent certain charges and credits, which management believes are not indicative of our ongoing performance, and are discussed

below. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them with 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 Board of Directors, employees, stockholders, 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 stockholders.

Special items included in the periods presented include the following:

- Costs to achieve mergers and International impairment represent charges that result from potential or completed strategic acquisitions and divestitures that do not reflect ongoing costs.
- Cost savings initiatives represents severance charges related to company-wide initiatives to standardize processes and systems, leverage technology and workforce optimization, which are not representative of ongoing costs.
- Commercial Renewables Impairment represents an other-than-temporary impairment of certain equity method investments. Management believes the impairment does not reflect an ongoing cost.
- Edwardsport settlement and Ash basin settlement represent charges related to settlement agreements with regulators and other governmental entities and do not represent ongoing costs.
- Midwest generation operations represents the operating results of the nonregulated Midwest generation business and Duke Energy Retail Sales (collectively, the Midwest Generation Disposal Group), which have been classified as discontinued operations. Management believes inclusion of the Midwest Generation Disposal Group's operating results within adjusted earnings and adjusted diluted EPS results in a better reflection of Duke Energy's financial performance during the period.

Due to the forward-looking nature of any forecasted adjusted earnings guidance, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods (such as legal settlements, the impact of regulatory orders, or asset impairments).

Management evaluates segment performance based on segment income and other net expense. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements. Management also uses adjusted segment income as a measure of historical and anticipated future segment performance. Adjusted segment income is a non-GAAP financial measure, as it is based upon segment income adjusted for special items, which are discussed above. Management believes the presentation of adjusted segment income provides useful

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information to investors, as it provides them with an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment income or adjusted other net expense is segment income and other net expense.

Due to the forward-looking nature of any forecasted adjusted segment income or adjusted Other net expenses and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to forecast all special items for future periods, as discussed above.

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

Duke Energy is one of the largest electric power holding companies in the United States. Its regulated utility operations serve approximately 7.4 million electric customers located in six states in the Southeast and Midwest, representing a population of approximately 24 million people. The company also distributes natural gas to more than 1.5 million customers in the Carolinas, Ohio, Kentucky and Tennessee. Its Commercial Portfolio and International business segments own and operate diverse power generation assets in North America and Latin America, including a growing portfolio of renewable energy assets in the United States.

Headquartered in Charlotte, N.C., Duke Energy is an S&P 100 Stock Index company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available at [duke-energy.com](http://duke-energy.com).

The [Duke Energy News Center](#) serves as a multimedia resource for journalists and features news releases, helpful links, photos and videos. Hosted by Duke Energy, [illumination](#) is an online destination for stories about remarkable people, innovations, and community and environmental topics. It also offers glimpses into the past and insights into the future of energy.

Follow Duke Energy on [Twitter](#), [LinkedIn](#), [Instagram](#) and [Facebook](#).

### **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 and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors 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 prices; the extent and timing of costs and liabilities to comply with federal and state regulations related to coal ash, including amounts for the

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required closure of certain ash impoundments, are uncertain and difficult to estimate; the ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through the regulatory process; the costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process; credit ratings of the company or its subsidiaries may be different from what is expected; 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 variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, including self-generation and distributed generation technologies; advancements in technology; additional competition in electric markets and continued industry consolidation; political, economic and regulatory uncertainty in Brazil and 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, earthquakes and tornadoes; the ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources; the ability to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business; operational interruptions to our gas distribution and transmission activities; the impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, and other catastrophic events such as fires, explosions, pandemic health events or other similar occurrences; 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, interest rate fluctuations 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, 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

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pronouncements issued periodically by accounting standard-setting bodies; the impact of potential goodwill impairments; the ability to successfully complete future merger, acquisition or divestiture plans, including the proposed sale of International Energy, excluding the equity investment in National Methanol Company; and the ability to successfully integrate the natural gas businesses since the acquisition of Piedmont Natural Gas Company, Inc. and realize anticipated benefits and the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect.

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 [www.sec.gov](http://www.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 described. Forward-looking statements speak only as of the date they are made; Duke Energy expressly disclaims an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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September 2016  
QUARTERLY HIGHLIGHTS  
(Unaudited)

(In millions, except per-share amounts and where noted)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Earnings Per Share - Basic and Diluted</b>				
Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.52	\$ 1.36	\$ 3.27	\$ 3.31
Diluted	\$ 1.52	\$ 1.36	\$ 3.26	\$ 3.31
Income (Loss) from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ 0.18	\$ (0.01)	\$ 0.18	\$ 0.05
Diluted	\$ 0.18	\$ (0.01)	\$ 0.18	\$ 0.05
Net income attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.70	\$ 1.35	\$ 3.45	\$ 3.36
Diluted	\$ 1.70	\$ 1.35	\$ 3.44	\$ 3.36
Weighted average shares outstanding				
Basic	689	688	689	696
Diluted	691	688	690	698
<b>SEGMENT INCOME (LOSS) BY BUSINESS SEGMENT</b>				
Regulated Utilities <sup>(a)</sup>	\$ 1,200	\$ 905	\$ 2,613	\$ 2,311
International Energy <sup>(b)</sup>	64	69	85	157
Commercial Portfolio <sup>(c)(d)</sup>	(21)	8	20	(15)
Total Reportable Segment Income	1,243	982	2,718	2,453
Other Net Expense <sup>(e)(f)(g)</sup>	(189)	(45)	(463)	(139)
Intercompany Eliminations	—	—	—	(4)
Income (Loss) from Discontinued Operations, net of tax <sup>(h)(i)</sup>	122	(5)	124	29
Net Income Attributable to Duke Energy Corporation	\$ 1,176	\$ 932	\$ 2,379	\$ 2,339
<b>CAPITALIZATION</b>				
Total Common Equity (%)			45%	48%
Total Debt (%)			55%	52%
Total Debt			\$ 50,176	\$ 42,457
Book Value Per Share			\$ 58.85	\$ 57.92
Actual Shares Outstanding			689	688
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>				
Regulated Utilities <sup>(j)</sup>	\$ 1,674	\$ 2,539	\$ 4,687	\$ 5,212
International Energy	11	14	26	33
Commercial Portfolio	192	374	614	757
Other	44	52	123	166
Total Capital and Investment Expenditures	\$ 1,921	\$ 2,979	\$ 5,450	\$ 6,168

Note: Certain prior period amounts have been reclassified to conform to the current year presentation.

(a) Includes a charge of \$56 million (net of tax of \$34 million) related to the Edwardport settlement for the three and nine months ended September 30, 2015.

(b) Includes an impairment charge of \$145 million (net of tax of \$49 million) for the nine months ended September 30, 2016, related to certain assets in Central America, as well as a tax benefit of \$95 million resulting from the ability to more efficiently utilize foreign tax credits.

(c) Includes an impairment charge of \$45 million (net of tax of \$26 million) for the three and nine months ended September 30, 2016, related to certain equity investments in wind projects.

(d) Includes a tax charge of \$41 million for the nine months ended September 30, 2015, resulting from the completion of the sale of the nonregulated Midwest generation business.

(e) Includes costs to achieve mergers of \$52 million for the three months ended September 30, 2016 (net of tax of \$32 million), and \$195 million for the nine months ended September 30, 2016 (net of tax of \$120 million). These costs primarily consist of losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

(f) Includes costs to achieve Progress merger of \$15 million for the three months ended September 30, 2015 (net of tax of \$9 million), and \$42 million for the nine months ended September 30, 2015 (net of tax of \$25 million).

(g) Includes a charge of \$12 million for the three months ended September 30, 2016 (net of tax of \$7 million) and \$39 million for the nine months ended September 30, 2016 (net of tax of \$24 million), primarily consisting of severance expense related to cost savings initiatives.

(h) Includes an income tax benefit of \$122 million for the three and nine months ended September 30, 2016, resulting from deferred tax liability adjustments related to the Midwest Generation Disposal Group and another previously sold business.

(i) Includes the impact of a litigation reserve related to the nonregulated Midwest generation business of \$53 million for the nine months ended September 30, 2015 (net of tax of \$28 million).

(j) Includes \$1.25 billion related to the NCEMPA acquisition for the three and nine months ended September 30, 2015.

September 2016  
QUARTERLY HIGHLIGHTS  
(Unaudited)

(In millions, except for GWh and MW amounts)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
<b>REGULATED UTILITIES</b>				
Operating Revenues	\$ 6,430	\$ 6,147	\$ 16,788	\$ 17,090
Operating Expenses	4,385	4,481	12,124	12,789
Gains on Sales of Other Assets and Other, net	1	1	3	10
Operating Income	2,046	1,667	4,667	4,311
Other Income and Expenses	75	56	213	187
Interest Expense	293	280	848	829
Income Before Income Taxes	1,828	1,443	4,032	3,669
Income Tax Expense	828	538	1,419	1,358
Segment Income	\$ 1,200	\$ 905	\$ 2,613	\$ 2,311
Depreciation and Amortization	\$ 749	\$ 691	\$ 2,198	\$ 2,098
<b>INTERNATIONAL ENERGY</b>				
Operating Revenues	\$ 245	\$ 281	\$ 761	\$ 841
Operating Expenses	177	200	713	639
Loss on Sales of Other Assets and Other, net	(1)	—	(2)	(1)
Operating Income	67	81	46	201
Other Income and Expenses	23	24	62	69
Interest Expense	19	21	63	66
Income Before Income Taxes	71	84	45	204
Income Tax Expense (Benefit)	4	14	(48)	44
Less: Income Attributable to Noncontrolling Interests	3	1	8	3
Segment Income	\$ 64	\$ 69	\$ 85	\$ 157
Depreciation and Amortization	\$ 18	\$ 23	\$ 62	\$ 69
Sales, GWh	5,017	4,590	16,522	13,580
Proportional MW Capacity in Operation			4,315	4,333
<b>COMMERCIAL PORTFOLIO</b>				
Operating Revenues	\$ 140	\$ 66	\$ 366	\$ 214
Operating Expenses	141	82	373	255
Gains on Sales of Other Assets and Other, net	1	—	3	6
Operating Loss	—	(16)	(4)	(35)
Other Income and Expenses	(69)	(3)	(63)	(3)
Interest Expense	15	11	38	33
Loss Before Income Taxes	(84)	(30)	(105)	(71)
Income Tax Benefit	(62)	(37)	(123)	(55)
Less: Loss Attributable to Noncontrolling Interests	(1)	(1)	(2)	(1)
Segment (Loss) Income	\$ (21)	\$ 8	\$ 20	\$ (15)
Depreciation and Amortization	\$ 33	\$ 27	\$ 96	\$ 77
Actual Renewable Plant Production, GWh	1,801	1,230	5,619	3,913
Net Proportional MW Capacity in Operation			2,725	1,634
<b>OTHER</b>				
Operating Revenues	\$ 32	\$ 17	\$ 91	\$ 78
Operating Expenses	128	64	316	177
Gains on Sales of Other Assets and Other, net	5	3	16	16
Operating Loss	(91)	(44)	(209)	(83)
Other Income and Expenses	12	(2)	30	8
Interest Expense	157	91	553	285
Loss Before Income Taxes	(236)	(137)	(732)	(360)

Income Tax Benefit	(50)	(95)	(276)	(229)
Less: Income Attributable to Noncontrolling Interests	3	3	7	8
Other Net Expense	\$ (189)	\$ (45)	\$ (463)	\$ (139)
Depreciation and Amortization	\$ 37	\$ 33	\$ 108	\$ 99

Note: Certain prior period amounts have been reclassified to conform to the current year presentation.



**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(In millions, except per-share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
<b>Operating Revenues</b>				
Regulated electric	\$ 6,303	\$ 6,017	\$ 16,321	\$ 16,564
Nonregulated electric and other	429	377	1,251	1,157
Regulated natural gas	89	89	355	416
Total operating revenues	6,821	6,483	17,927	18,137
<b>Operating Expenses</b>				
Fuel used in electric generation and purchased power - regulated	2,016	2,113	5,102	5,775
Fuel used in electric generation and purchased power - nonregulated	75	61	215	283
Cost of natural gas	17	21	98	158
Operation, maintenance and other	1,547	1,426	4,467	4,274
Depreciation and amortization	837	774	2,464	2,341
Property and other taxes	303	293	893	836
Impairment charges	10	111	208	111
Total operating expenses	4,805	4,799	13,447	13,778
Gains on Sales of Other Assets and Other, net	6	4	20	31
<b>Operating Income</b>	2,022	1,688	4,500	4,390
<b>Other Income and Expenses</b>				
Equity in earnings (losses) of unconsolidated affiliates	(60)	17	(37)	53
Other income and expenses, net	99	57	270	203
Total other income and expenses	39	74	233	256
<b>Interest Expense</b>	482	402	1,493	1,208
<b>Income From Continuing Operations Before Income Taxes</b>	1,579	1,360	3,240	3,438
<b>Income Tax Expense from Continuing Operations</b>	520	420	972	1,118
<b>Income From Continuing Operations</b>	1,059	940	2,268	2,320
<b>Income (Loss) From Discontinued Operations, net of tax</b>	122	(5)	124	29
<b>Net Income</b>	1,181	935	2,392	2,349
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	5	3	13	10
<b>Net Income Attributable to Duke Energy Corporation</b>	\$ 1,176	\$ 932	\$ 2,379	\$ 2,339

**Earnings Per Share - Basic and Diluted**

Income from continuing operations attributable to Duke Energy Corporation common stockholders

Basic	\$ 1.52	\$ 1.36	\$ 3.27	\$ 3.31
Diluted	\$ 1.52	\$ 1.36	\$ 3.26	\$ 3.31

Income (Loss) from discontinued operations attributable to Duke Energy Corporation common stockholders

Basic	\$ 0.18	\$ (0.01)	\$ 0.18	\$ 0.05
Diluted	\$ 0.18	\$ (0.01)	\$ 0.18	\$ 0.05

Net income attributable to Duke Energy Corporation common stockholders

Basic	\$ 1.70	\$ 1.35	\$ 3.45	\$ 3.36
Diluted	\$ 1.70	\$ 1.35	\$ 3.44	\$ 3.36

Weighted average shares outstanding

Basic	689	688	689	696
Diluted	691	688	690	696

DUKE ENERGY CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

<i>(in millions)</i>	September 30, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,179	\$ 857
Receivables (net of allowance for doubtful accounts of \$25 at 2016 and \$18 at 2015)	583	703
Receivables of VIEs (net of allowance for doubtful accounts of \$54 at 2016 and \$53 at 2015)	2,139	1,748
Inventory	3,351	3,810
Regulatory assets (includes \$51 related to VIEs at 2016)	853	877
Other	429	327
Total current assets	13,534	8,322
<b>Investments and Other Assets</b>		
Investments in equity method unconsolidated affiliates	604	499
Nuclear decommissioning trust funds	6,112	5,825
Goodwill	16,354	16,343
Other	2,948	3,042
Total investments and other assets	26,018	25,709
<b>Property, Plant and Equipment</b>		
Cost	116,376	112,826
Accumulated depreciation and amortization	(38,812)	(37,665)
Generation facilities to be retired, net	652	548
Net property, plant and equipment	78,216	75,709
<b>Regulatory Assets and Deferred Debits</b>		
Regulatory assets (includes \$1,156 related to VIEs at 2016)	11,896	11,373
Other	22	43
Total regulatory assets and deferred debits	11,918	11,416
<b>Total Assets</b>	<b>\$ 129,686</b>	<b>\$ 121,156</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,138	\$ 2,400
Notes payable and commercial paper	3,011	3,633
Taxes accrued	636	348
Interest accrued	504	430
Current maturities of long-term debt (includes \$258 at 2016 and \$125 at 2015 related to VIEs)	3,201	2,074
Asset retirement obligations	539	—
Regulatory liabilities	319	400
Other	1,728	2,115
Total current liabilities	12,076	11,400
<b>Long-Term Debt (includes \$3,641 at 2016 and \$2,197 at 2015 related to VIEs)</b>	<b>43,964</b>	<b>37,495</b>
<b>Deferred Credits and Other Liabilities</b>		
Deferred income taxes	13,201	12,705
Investment tax credits	486	472
Accrued pension and other post-retirement benefit costs	1,030	1,088
Asset retirement obligations	10,291	10,264
Regulatory liabilities	6,241	6,255
Other	1,851	1,706
Total deferred credits and other liabilities	33,100	32,490
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 689 million and 688 million shares outstanding at 2016 and 2015, respectively	1	1
Additional paid-in capital	37,997	37,968
Retained earnings	3,212	2,564

Accumulated other comprehensive loss	(721)	(806)
Total Duke Energy Corporation stockholders' equity	40,489	39,727
Noncontrolling interests	57	44
Total equity	40,546	39,771
<b>Total Liabilities and Equity</b>	<b>\$ 129,686</b>	<b>\$ 121,156</b>

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Nine Months Ended September 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 2,392	\$ 2,349
Adjustments to reconcile net income to net cash provided by operating activities	3,200	3,047
Net cash provided by operating activities	<u>5,592</u>	<u>5,396</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	<u>(5,555)</u>	<u>(3,291)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by (used in) financing activities	<u>5,285</u>	<u>(2,771)</u>
Net increase (decrease) in cash and cash equivalents	5,322	(666)
Cash and cash equivalents at the beginning of period	857	2,036
Cash and cash equivalents at end of period	<u>\$ 6,179</u>	<u>\$ 1,370</u>

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
September 2016 QTD vs. Prior Year

(\$ per share)	Regulated Utilities	International Energy	Commercial Portfolio	Other	Discontinued Operations	Consolidated
<b>2015 QTD Reported Earnings Per Share, Diluted</b>	\$ 1.31	\$ 0.10	\$ 0.01	\$ (0.06)	\$ (0.01)	\$ 1.35
Costs to Achieve, Progress Merger	—	—	—	0.02	—	0.02
Edwardsport Settlement	0.08	—	—	—	—	0.08
Ash Basin Settlement	0.01	—	—	—	—	0.01
Discontinued Operations	—	—	—	—	0.01	0.01
<b>2015 QTD Adjusted Earnings Per Share, Diluted</b>	\$ 1.40	\$ 0.10	\$ 0.01	\$ (0.04)	\$ —	\$ 1.47
Weather	0.14	—	—	—	—	0.14
Pricing and Riders (a)	0.06	—	—	—	—	0.06
Volume	0.04	—	—	—	—	0.04
Wholesale (b)	0.03	—	—	—	—	0.03
Operations and Maintenance, net of recoverables	0.02	—	—	—	—	0.02
Latin America, including Foreign Exchange Rates	—	—	—	—	—	—
National Methanol Company	—	(0.01)	—	—	—	(0.01)
Duke Energy Renewables (c)	—	—	0.02	—	—	0.02
Commercial Transmission, Pipeline and Other	—	—	—	—	—	—
Interest Expense	(0.01)	—	—	(0.01)	—	(0.02)
Change in effective income tax rate	0.08	0.01	—	(0.13)	—	(0.04)
Other	(0.01)	(0.01)	—	—	—	(0.02)
<b>2016 QTD Adjusted Earnings Per Share, Diluted</b>	\$ 1.74	\$ 0.09	\$ 0.03	\$ (0.18)	\$ —	\$ 1.68
Costs to Achieve, Mergers	—	—	—	(0.07)	—	(0.07)
Cost Savings Initiatives	—	—	—	(0.02)	—	(0.02)
Commercial Renewables Impairment	—	—	(0.07)	—	—	(0.07)
Discontinued Operations	—	—	—	—	0.18	0.18
<b>2016 QTD Reported Earnings Per Share, Diluted</b>	\$ 1.74	\$ 0.09	\$ (0.04)	\$ (0.27)	\$ 0.18	\$ 1.70

Note 1: Earnings Per Share amounts are calculated using the consolidated statutory income tax rate for all variance drivers except Duke Energy Renewables, which uses an effective tax rate.

Note 2: Adjusted and Reported Earnings Per Share amounts by segment may not recompute from other published schedules due to rounding.

Note 3: Certain prior period amounts have been reclassified to conform to the current year presentation.

- (a) Primarily due to the NCEMPA rider (+\$0.02) and higher energy efficiency recoveries at Duke Energy Progress (+\$0.01).
- (b) Primarily due to the implementation of new contracts.
- (c) Primarily due to new wind and solar growth and higher wind production.

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
September 2016 YTD vs. Prior Year

(\$ per share)	Regulated Utilities	International Energy	Commercial Portfolio	Other	Discontinued Operations	Consolidated
<b>2015 YTD Reported Earnings Per Share, Diluted</b>	\$ 3.32	\$ 0.22	\$ (0.03)	\$ (0.19)	\$ 0.04	\$ 3.36
Costs to Achieve, Progress Merger	—	—	—	0.05	—	0.05
Edwardsport Settlement	0.08	—	—	—	—	0.08
Midwest Generation Operations	—	—	0.14	—	—	0.14
Ash Basin Settlement	0.01	—	—	—	—	0.01
Discontinued Operations	—	—	0.06	—	(0.04)	0.02
<b>2015 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 3.41</b>	<b>\$ 0.22</b>	<b>\$ 0.17</b>	<b>\$ (0.14)</b>	<b>\$ —</b>	<b>\$ 3.66</b>
Stock repurchase (a)	0.03	0.01	—	—	—	0.04
Weather	0.03	—	—	—	—	0.03
Pricing and Riders (b)	0.16	—	—	—	—	0.16
Volume	0.04	—	—	—	—	0.04
Wholesale (c)	0.07	—	—	—	—	0.07
Operations and Maintenance, net of recoverables (d)	0.06	—	—	—	—	0.06
Latin America, including Foreign Exchange Rates (e)	—	0.05	—	—	—	0.05
National Methanol Company	—	(0.05)	—	—	—	(0.05)
Duke Energy Renewables (f)	—	—	0.03	—	—	0.03
Commercial Transmission, Pipeline and Other	—	—	0.01	—	—	0.01
Midwest Generation (g)	—	—	(0.12)	—	—	(0.12)
Interest Expense	(0.01)	—	—	(0.03)	—	(0.04)
Change in effective income tax rate (h)	0.10	0.10	—	(0.14)	—	0.06
Other (i)	(0.10)	—	—	(0.02)	—	(0.12)
<b>2016 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 3.79</b>	<b>\$ 0.33</b>	<b>\$ 0.09</b>	<b>\$ (0.33)</b>	<b>\$ —</b>	<b>\$ 3.88</b>
Costs to Achieve, Mergers	—	—	—	(0.28)	—	(0.28)
International Impairment	—	(0.21)	—	—	—	(0.21)
Cost Savings Initiatives	—	—	—	(0.06)	—	(0.06)
Commercial Renewables Impairment	—	—	(0.07)	—	—	(0.07)
Discontinued Operations	—	—	—	—	0.18	0.18
<b>2016 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 3.79</b>	<b>\$ 0.12</b>	<b>\$ 0.02</b>	<b>\$ (0.67)</b>	<b>\$ 0.18</b>	<b>\$ 3.44</b>

Note 1: Earnings Per Share amounts are calculated using the consolidated statutory income tax rate for all variance drivers except Duke Energy Renewables, which uses an effective tax rate.

Note 2: Adjusted and Reported Earnings Per Share amounts by segment may not recompute from other published schedules due to rounding.

Note 3: Certain prior period amounts have been reclassified to conform to the current year presentation.

- (a) Due to the decrease in common shares outstanding as a result of the Accelerated Stock Repurchase Program. Weighted average diluted shares outstanding decreased from 696 million shares to 690 million shares.
- (b) Primarily due to the NCEMPA rider (+\$0.06), higher energy efficiency recoveries in the Carolinas (+\$0.05), and a prior year unfavorable regulatory order in Ohio related to energy efficiency (+\$0.02).
- (c) Primarily due to the implementation of the new 30-year contract with NCEMPA.
- (d) Primarily due to lower outage costs and cost control efforts, partially offset by increased storm restoration costs and costs related to the NCEMPA asset purchase.
- (e) Primarily due to higher results in Brazil due to improved hydrology, partially offset by weaker foreign currency exchange rates (-\$0.02).
- (f) Primarily due to new wind and solar growth and higher wind production.
- (g) Due to the absence of earnings from the nonregulated Midwest generation business, which was sold in April 2015.
- (h) International Energy includes lower income taxes resulting from the decision to divest the International Energy segment combined with more efficient utilization of foreign tax credits.
- (i) Regulated Utilities includes increased depreciation and amortization expense (-\$0.08) due to higher depreciable base including the NCEMPA asset purchase, and higher non-income taxes (-\$0.05) primarily due to increased property taxes.

Regulated Utilities  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
September 2016

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	26,103	24,176	8.0%	2.3%	65,450	63,195	(1.1%)	1.0%
General Service	22,768	22,047	3.3%	2.1%	59,291	59,124	0.3%	0.2%
Industrial	13,854	14,001	(1.0%)	(1.1%)	39,147	39,370	(0.6%)	(0.4%)
Other Energy Sales	144	149	(3.4%)		435	450	(3.3%)	
Unbilled Sales	(703)	(1,808)	61.1%	n/a	1,078	(476)	326.5%	n/a
Total Retail Sales	62,166	58,565	6.1%	1.4%	165,401	164,563	0.4%	0.4%
Special Sales	12,102	10,450	15.8%		33,783	28,551	18.3%	
Total Consolidated Electric Sales - Regulated Utilities	74,268	69,015	7.6%		199,184	193,214	3.1%	
<b>Average Number of Customers (Electric)</b>								
Residential	6,455,615	6,365,092	1.4%		6,439,699	6,351,973	1.4%	
General Service	964,893	954,659	1.1%		981,246	951,350	1.0%	
Industrial	17,807	18,105	(1.6%)		17,858	18,150	(1.6%)	
Other Energy Sales	23,138	23,113	0.1%		23,117	23,024	0.4%	
Total Regular Sales	7,461,453	7,360,969	1.4%		7,441,930	7,344,497	1.3%	
Special Sales	61	64	(4.7%)		61	63	(3.2%)	
Total Average Number of Customers - Regulated Utilities	7,461,514	7,361,033	1.4%		7,441,991	7,344,560	1.3%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	24,665	23,509	4.9%		66,367	62,433	(6.5%)	
Nuclear	19,177	18,469	3.8%		55,785	52,560	6.1%	
Hydro	131	91	44.0%		1,502	1,025	46.5%	
Oil and Natural Gas	17,594	16,533	6.4%		48,461	46,054	5.2%	
Renewable Energy	60	3	1,900.0%		158	10	1,480.0%	
Total Generation (4)	61,627	58,605	5.2%		164,273	162,102	1.3%	
Purchased Power and Net Interchange (5)	17,105	(2,765)	718.6%		45,757	24,461	87.1%	
Total Sources of Energy	78,732	55,840	41.0%		210,030	186,563	12.6%	
Less: Line Loss and Company Usage	4,464	2,604	71.4%		10,848	9,128	18.8%	
Total GWh Sources	74,268	53,236	39.5%		199,184	177,435	12.3%	
<b>Owned MW Capacity (5)</b>								
Summer					49,839	50,081		
Winter					53,028	53,346		
Nuclear Capacity Factor (%) (6)					96	95		

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e. unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e. billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Carolinas  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
September 2016

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	8,804	8,213	7.2%		22,055	22,445	(1.7%)	
General Service	8,507	8,273	2.6%		22,105	22,074	0.1%	
Industrial	5,923	6,041	(2.0%)		16,546	16,730	(1.1%)	
Other Energy Sales	76	76	—%		228	229	(0.4%)	
Unbilled Sales	(446)	(1,047)	57.4%		244	(893)	135.2%	
Total Regular Electric Sales	22,864	21,556	6.1%	1.5%	61,178	60,785	0.6%	0.4%
Special Sales	2,644	2,181	21.2%		6,712	6,728	(0.2%)	
Total Consolidated Electric Sales - Duke Energy Carolinas	25,508	23,737	7.5%		67,890	67,511	0.6%	
<b>Average Number of Customers</b>								
Residential	2,151,654	2,120,091	1.5%		2,144,508	2,113,735	1.5%	
General Service	350,252	348,039	1.2%		348,819	344,639	1.2%	
Industrial	6,278	8,414	(2.2%)		6,303	5,444	(2.2%)	
Other Energy Sales	15,224	15,095	0.9%		15,170	15,014	1.0%	
Total Regular Sales	2,523,408	2,487,539	1.4%		2,514,890	2,479,892	1.4%	
Special Sales	24	24	—%		24	25	(4.0%)	
Total Average Number of Customers - Duke Energy Carolinas	2,523,430	2,487,563	1.4%		2,514,914	2,479,917	1.4%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	9,395	8,597	9.3%		20,056	22,127	(9.4%)	
Nuclear	11,607	10,991	5.6%		33,409	34,110	(2.1%)	
Hydro	(35)	(40)	12.5%		802	436	83.9%	
Oil and Natural Gas	3,216	2,945	9.2%		8,893	7,936	12.1%	
Renewable Energy	3	3	—%		10	10	—%	
Total Generation (4)	24,186	22,496	7.5%		63,170	64,619	(2.2%)	
Purchased Power and Net Interchange (5)	2,729	2,731	(0.1%)		8,798	6,968	25.9%	
Total Sources of Energy	26,915	25,227	6.7%		71,968	71,607	0.5%	
Less: Line Loss and Company Usage	1,407	1,490	(5.6%)		4,076	4,096	(0.5%)	
Total GWh Sources	25,508	23,737	7.5%		67,890	67,511	0.6%	
<b>Owned MW Capacity (3)</b>								
Summer					19,678	19,845		
Winter					20,383	20,360		
<b>Nuclear Capacity Factor (%) (6)</b>								
					86	97		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	—	5	(100.0%)		1,861	2,109	(11.8%)	
Cooling Degree Days	1,301	1,085	19.9%		1,890	1,709	10.6%	
<b>Variance from Normal</b>								
Heating Degree Days	(100.0%)	(51.6%)	n/a		(7.1%)	9.4%	n/a	
Cooling Degree Days	33.6%	6.2%	n/a		29.0%	9.8%	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e. unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e. billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.



(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Progress  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
September 2016

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	5,406	5,107	5.9%		14,003	14,547	(3.7%)	
General Service	4,667	4,563	2.3%		12,007	12,000	0.1%	
Industrial	2,608	2,788	0.6%		7,792	7,790	—%	
Other Energy Sales	22	28	(15.4%)		68	81	(16.0%)	
Unbilled Sales	(112)	(481)	76.7%		98	(352)	127.8%	
Total Regular Electric Sales	12,789	12,003	6.5%	1.4%	33,968	34,066	(0.3%)	0.2%
Special Sales	7,244	6,280	15.4%		20,043	15,934	25.8%	
Total Consolidated Electric Sales - Duke Energy Progress	20,033	18,283	9.6%		54,011	50,000	8.0%	
<b>Average Number of Customers</b>								
Residential	1,294,491	1,276,474	1.4%		1,289,892	1,272,450	1.4%	
General Service	229,854	227,015	1.3%		228,696	225,721	1.3%	
Industrial	4,131	4,204	(1.7%)		4,142	4,221	(1.9%)	
Other Energy Sales	1,505	1,583	(10.6%)		1,549	1,687	(8.2%)	
Total Regular Sales	1,529,981	1,509,376	1.4%		1,524,281	1,504,079	1.3%	
Special Sales	15	15	—%		15	15	—%	
Total Average Number of Customers - Duke Energy Progress	1,529,996	1,509,391	1.4%		1,524,296	1,504,094	1.3%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	5,073	4,110	23.4%		9,508	11,454	(17.0%)	
Nuclear	7,570	7,478	1.2%		22,376	18,470	21.1%	
Hydro	71	55	29.1%		449	389	15.4%	
Oil and Natural Gas	5,942	5,857	1.5%		18,037	17,183	5.0%	
Renewable Energy	55	—	n/a		146	—	n/a	
Total Generation (4)	18,711	17,500	6.9%		50,516	47,496	6.4%	
Purchased Power and Net Interchange (5)	2,129	1,447	47.1%		5,391	4,627	16.5%	
Total Sources of Energy	20,840	18,947	10.0%		55,907	52,123	7.3%	
Less: Line Loss and Company Usage	807	664	21.5%		1,898	2,123	(10.7%)	
Total GWh Sources	20,033	18,283	9.6%		54,011	50,000	8.0%	
<b>Owned MW Capacity (3)</b>								
Summer					12,935	12,923		
Winter					14,034	14,042		
<b>Nuclear Capacity Factor (%) (6)</b>								
					96	89		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	—	1	(100.0%)		1,693	2,004	(15.5%)	
Cooling Degree Days	1,343	1,131	18.7%		1,855	1,779	9.9%	
<b>Variance from Normal</b>								
Heating Degree Days	(100.0%)	(78.3%)	n/a		(7.4%)	13.3%	n/a	
Cooling Degree Days	28.5%	2.7%	n/a		23.3%	5.6%	n/a	

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(2) Represents weather normal total retail calendar sales (i.e. billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Florida  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
September 2016

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	% Inc.(Dec)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	6,608	6,152	7.4%		15,653	15,200	3.0%	
General Service	4,432	4,309	2.9%		11,493	11,401	0.8%	
Industrial	817	861	(5.1%)		2,381	2,442	(2.5%)	
Other Energy Sales	8	6	—%		18	18	—%	
Unbilled Sales	(160)	(226)	29.2%		498	567	(12.2%)	
Total Regular Electric Sales	11,700	11,102	5.4%	1.4%	30,043	29,628	1.4%	1.1%
Special Sales	707	411	79.3%		1,499	1,160	29.2%	
Total Electric Sales - Duke Energy Florida	12,440	11,513	8.1%		31,542	30,788	2.4%	
<b>Average Number of Customers</b>								
Residential	1,550,574	1,529,065	1.6%		1,548,245	1,521,345	1.6%	
General Service	196,142	193,845	1.3%		195,402	193,161	1.2%	
Industrial	2,168	2,249	(3.6%)		2,184	2,250	(2.9%)	
Other Energy Sales	1,529	1,534	(0.3%)		1,534	1,537	(0.2%)	
Total Regular Sales	1,750,413	1,723,493	1.6%		1,745,365	1,718,293	1.6%	
Special Sales	14	14	—%		14	14	—%	
Total Average Number of Customers - Duke Energy Florida	1,750,427	1,723,507	1.6%		1,745,379	1,718,307	1.6%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	2,823	2,909	(3.0%)		8,605	8,106	(18.5%)	
Oil and Natural Gas	7,610	7,215	5.5%		19,371	19,128	1.3%	
Renewable Energy	2	—	n/a		2	—	n/a	
Total Generation (4)	10,435	10,124	3.1%		25,978	27,234	(4.6%)	
Purchased Power and Net Interchange (5)	2,768	1,988	39.4%		7,407	5,280	40.3%	
Total Sources of Energy	13,203	12,110	9.0%		33,385	32,514	2.7%	
Less: Line Loss and Company Usage	763	597	27.8%		1,843	1,726	6.8%	
Total GWh Sources	12,440	11,513	8.1%		31,542	30,788	2.4%	
<b>Owned MW Capacity (3)</b>								
Summer					9,021	8,958		
Winter					9,926	9,809		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	—	—	—%		401	373	7.5%	
Cooling Degree Days	1,598	1,487	7.5%		2,909	2,977	(2.3%)	
<b>Variance from Normal</b>								
Heating Degree Days	—%	—%	n/a		1.3%	(5.2%)	n/a	
Cooling Degree Days	8.0%	(1.6%)	n/a		7.9%	8.8%	n/a	

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(2) Represents weather normal total retail calendar sales (i.e. billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

Duke Energy Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
September 2016

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	2,735	2,399	14.0%		6,802	6,881	(1.3%)	
General Service	2,751	2,603	5.7%		7,326	7,281	0.6%	
Industrial	1,577	1,580	(0.2%)		4,478	4,507	(0.6%)	
Other Energy Sales	27	28	(3.6%)		82	82	—%	
Unbilled Sales	16	(57)	128.1%		136	(8)	1,800.0%	
Total Regular Electric Sales	7,106	6,553	8.4%	3.1%	18,824	18,753	0.4%	0.3%
Special Sales	108	145	(25.5%)		293	945	(69.0%)	
Total Electric Sales - Duke Energy Ohio	7,214	6,698	7.7%		19,117	19,698	(2.9%)	
<b>Average Number of Customers</b>								
Residential	752,157	744,927	1.0%		752,530	748,183	0.9%	
General Service	87,562	87,234	0.4%		87,522	87,203	0.4%	
Industrial	2,508	2,525	(0.8%)		2,517	2,531	(0.6%)	
Other Energy Sales	3,259	3,223	1.1%		3,253	3,215	1.2%	
Total Regular Sales	845,504	837,909	0.9%		845,822	839,132	0.8%	
Special Sales	1	1	—%		1	1	—%	
Total Average Number of Customers - Duke Energy Ohio	845,505	837,910	0.9%		845,823	839,133	0.8%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	1,186	1,065	11.4%		2,650	3,453	(23.3%)	
Oil and Natural Gas	17	13	30.8%		28	43	(34.9%)	
Total Generation (4)	1,203	1,078	11.6%		2,678	3,496	(23.4%)	
Purchased Power and Net Interchange (5)	6,655	(10,721)	162.1%		18,141	725	2,402.2%	
Total Sources of Energy	7,858	(9,643)	181.6%		20,819	4,221	393.2%	
Less: Line Loss and Company Usage	644	(562)	214.6%		1,702	302	463.6%	
Total GWh Sources	7,214	(9,081)	179.4%		19,117	3,919	387.8%	
<b>Owned MW Capacity (3)</b>								
Summer					1,062	1,062		
Winter					1,164	1,164		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	24	21	14.3%		2,848	3,331	(14.5%)	
Cooling Degree Days	973	703	36.4%		1,345	1,094	22.9%	
<b>Variance from Normal</b>								
Heating Degree Days	(60.0%)	(50.0%)	n/a		(8.2%)	11.3%	n/a	
Cooling Degree Days	29.9%	(13.6%)	n/a		24.9%	(7.5%)	n/a	

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(2) Represents weather normal total retail calendar sales (i.e. billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

Duke Energy Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Gas Information  
September 2016

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	% Inc.(Dec.) Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.) Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>MCF Sales (1)</b>								
Residential	1,664,606	1,755,562	(5.2%)		23,292,149	29,968,782	(19.6%)	
General Service	1,805,312	1,838,773	(1.8%)		15,372,608	18,463,853	(16.7%)	
Industrial	1,134,323	1,182,994	(4.9%)		5,017,068	5,604,282	(10.5%)	
Other Energy Sales	4,904,298	4,439,138	10.5%		15,717,935	15,194,003	3.4%	
Unbilled Sales	59,903	24,000	149.6%		(2,375,774)	(3,221,000)	26.2%	
<b>Total Gas Sales - Duke Energy Ohio</b>	<b>9,568,340</b>	<b>9,250,467</b>	<b>3.4%</b>	<b>2.7%</b>	<b>57,023,966</b>	<b>65,027,920</b>	<b>(12.3%)</b>	<b>(6.1%)</b>
<b>Average Number of Customers:</b>								
Residential	473,623	471,005	0.6%		477,385	474,704	0.6%	
General Service	41,180	41,294	(0.3%)		43,100	43,212	(0.3%)	
Industrial	1,524	1,544	(1.3%)		1,608	1,618	(0.6%)	
Other Energy Sales	143	142	0.7%		144	143	0.7%	
<b>Total Average Number of Gas Customers - Duke Energy Ohio</b>	<b>516,670</b>	<b>513,985</b>	<b>0.5%</b>		<b>522,237</b>	<b>519,677</b>	<b>0.5%</b>	
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	24	21	14.3%		2,848	3,331	(14.5%)	
Cooling Degree Days	973	703	38.4%		1,345	1,094	22.9%	
<b>Variance from Normal</b>								
Heating Degree Days	(60.0%)	(50.0%)	n/a		(8.2%)	11.3%	n/a	
Cooling Degree Days	29.9%	(13.6%)	n/a		24.9%	(7.5%)	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e. unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e. billed and unbilled sales).

Duke Energy Indiana  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
September 2016

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	2,550	2,305	10.6%		6,937	7,112	(2.5%)	
General Service	2,411	2,299	4.9%		6,360	6,366	(0.1%)	
Industrial	2,731	2,731	—%		7,950	7,901	0.6%	
Other Energy Sales	13	13	—%		39	40	(2.5%)	
Unbilled Sales	(1)	3	(133.3%)		102	10	920.0%	
Total Regular Electric Sales	7,704	7,351	4.8%	(0.2%)	21,388	21,431	(0.2%)	(0.4%)
Special Sales	1,369	1,433	(4.5%)		5,238	3,786	38.3%	
Total Electric Sales - Duke Energy Indiana	9,073	8,784	3.3%		26,624	25,217	5.6%	
<b>Average Number of Customers</b>								
Residential	706,739	697,535	1.3%		706,434	698,280	1.2%	
General Service	101,063	100,728	0.3%		100,805	100,566	0.2%	
Industrial	2,725	2,713	0.5%		2,722	2,704	0.7%	
Other Energy Sales	1,621	1,579	2.7%		1,611	1,571	2.5%	
Total Regular Sales	812,149	802,552	1.2%		811,572	803,101	1.1%	
Special Sales	7	10	(30.0%)		7	8	(12.5%)	
Total Average Number of Customers - Duke Energy Indiana	812,156	802,562	1.2%		811,579	803,109	1.1%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	6,168	6,828	(9.4%)		18,548	17,293	13.0%	
Hydro	95	76	25.0%		251	200	25.5%	
Oil and Natural Gas	809	503	60.8%		2,132	1,764	20.9%	
Total Generation (4)	7,092	7,407	(4.3%)		21,931	19,257	13.9%	
Purchased Power and Net Interchange (5)	2,824	1,782	57.6%		6,022	6,841	(12.0%)	
Total Sources of Energy	9,916	9,199	7.8%		27,953	26,098	7.1%	
Less: Line Loss and Company Usage	843	415	103.1%		1,329	881	50.9%	
Total GWh Sources	9,073	8,784	3.3%		26,624	25,217	5.6%	
<b>Owned MW Capacity (3)</b>								
Summer					7,143	7,493		
Winter					7,521	7,871		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	21	26	(19.2%)		3,064	3,715	(17.5%)	
Cooling Degree Days	932	708	32.0%		1,308	1,070	22.2%	
<b>Variance from Normal</b>								
Heating Degree Days	(69.1%)	(45.7%)	n/a		(8.3%)	15.9%	n/a	
Cooling Degree Days	26.5%	(12.6%)	n/a		22.6%	(9.5%)	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e. unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e. billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

DUKE ENERGY CORPORATION  
REPORTED TO ADJUSTED EARNINGS RECONCILIATION  
Three Months Ended September 30, 2016  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve, Mergers	Cost Savings Initiatives	Commercial Renewables Impairment			
<b>SEGMENT INCOME</b>							
Regulated Utilities	\$ 1,200	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,200
International Energy	64	—	—	—	—	—	64
Commercial Portfolio	(21)	—	—	45 C	—	45	24
Total Reportable Segment Income	1,243	—	—	45	—	45	1,288
Other	(189)	52 A	12 B	—	—	64	(125)
Total Reportable Segment Income and Other Net Expense	1,054	52	12	45	—	109	1,163
Discontinued Operations	122	—	—	—	(122) D	(122)	—
Net Income Attributable to Duke Energy Corporation	\$ 1,176	\$ 52	\$ 12	\$ 45	\$ (122)	\$ (13)	\$ 1,163
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC	\$ 1.70	\$ 0.08	\$ 0.02	\$ 0.07	\$ (0.18)	\$ (0.01)	\$ 1.69
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 1.70	\$ 0.07	\$ 0.02	\$ 0.07	\$ (0.18)	\$ (0.02)	\$ 1.68

A - Net of \$32 million tax benefit. Includes \$33 million recorded within Operating Expenses and \$51 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

B - Net of \$7 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

C - Net of \$26 million tax benefit. Other-than-temporary impairment included within Equity in earnings (losses) of unconsolidated affiliates on the Condensed Consolidated Statements of Operations.

D - Tax adjustments related to previously disposed businesses recorded in Income (Loss) From Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	689
Diluted	691



**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Nine Months Ended September 30, 2016**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items				Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve, Mergers	International Impairment	Cost Savings Initiatives	Commercial Renewables Impairment			
<b>SEGMENT INCOME</b>								
Regulated Utilities	\$ 2,613	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,613
International Energy	85	—	145 B	—	—	—	145	230
Commercial Portfolio	20	—	—	—	45 D	—	45	65
<b>Total Reportable Segment Income</b>	<b>2,718</b>	<b>—</b>	<b>145</b>	<b>—</b>	<b>45</b>	<b>—</b>	<b>190</b>	<b>2,908</b>
Other	(463)	195 A	—	39 C	—	—	234	(229)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>2,255</b>	<b>195</b>	<b>145</b>	<b>39</b>	<b>45</b>	<b>—</b>	<b>424</b>	<b>2,679</b>
Discontinued Operations	124	—	—	—	—	(124) E	(124)	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,379</b>	<b>\$ 195</b>	<b>\$ 145</b>	<b>\$ 39</b>	<b>\$ 45</b>	<b>\$ (124)</b>	<b>\$ 300</b>	<b>\$ 2,679</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 3.45</b>	<b>\$ 0.27</b>	<b>\$ 0.21</b>	<b>\$ 0.06</b>	<b>\$ 0.07</b>	<b>\$ (0.18)</b>	<b>\$ 0.43</b>	<b>\$ 3.88</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 3.44</b>	<b>\$ 0.28</b>	<b>\$ 0.21</b>	<b>\$ 0.06</b>	<b>\$ 0.07</b>	<b>\$ (0.18)</b>	<b>\$ 0.44</b>	<b>\$ 3.88</b>

A - Net of \$120 million tax benefit. Includes \$1 million recorded within Operating Revenues, \$80 million recorded within Operating Expenses and \$234 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

B - Net of \$49 million tax benefit. Impairment of certain assets in Central America recorded within Impairment Charges on the Condensed Consolidated Statements of Operations.

C - Net of \$24 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

D - Net of \$26 million tax benefit. Other-than-temporary impairment included within Equity in earnings (losses) of unconsolidated affiliates on the Condensed Consolidated Statements of Operations.

E - Tax adjustments related to previously disposed businesses recorded in Income (Loss) From Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	689
Diluted	690

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Three Months Ended September 30, 2015**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve, Progress Merger	Edwardsport Settlement	Ash Basin Settlement				
<b>SEGMENT INCOME</b>								
Regulated Utilities	\$ 905	\$ —	\$ 56	\$ 4	\$ —	\$ —	\$ 60	\$ 965
International Energy	69	—	—	—	—	—	—	69
Commercial Portfolio	8	—	—	—	(1)	—	(1)	7
<b>Total Reportable Segment Income</b>	<b>982</b>	<b>—</b>	<b>56</b>	<b>4</b>	<b>(1)</b>	<b>—</b>	<b>59</b>	<b>1,041</b>
Other	(45)	15	—	—	—	—	15	(30)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>937</b>	<b>15</b>	<b>56</b>	<b>4</b>	<b>(1)</b>	<b>—</b>	<b>74</b>	<b>1,011</b>
Discontinued Operations	(5)	—	—	—	—	5	5	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 932</b>	<b>\$ 15</b>	<b>\$ 56</b>	<b>\$ 4</b>	<b>\$ (1)</b>	<b>\$ 5</b>	<b>\$ 79</b>	<b>\$ 1,011</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 1.35</b>	<b>\$ 0.02</b>	<b>\$ 0.08</b>	<b>\$ 0.01</b>	<b>\$ —</b>	<b>\$ 0.01</b>	<b>\$ 0.12</b>	<b>\$ 1.47</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.35</b>	<b>\$ 0.02</b>	<b>\$ 0.08</b>	<b>\$ 0.01</b>	<b>\$ —</b>	<b>\$ 0.01</b>	<b>\$ 0.12</b>	<b>\$ 1.47</b>

A - Net of \$9 million tax benefit. Recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$34 million tax benefit. \$85 million recorded within Impairment charges and \$5 million recorded within Other income and expenses, net on the Duke Energy Indiana Condensed Consolidated Statements of Operations.

C - Net of \$3 million tax benefit. Recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations. Includes \$1 million and \$6 million at Duke Energy Carolinas and Duke Energy Progress, respectively.

D - Recorded within Operating Revenues on the Condensed Consolidated Statements of Operations.

E - Recorded in (Loss) Income From Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	688
Diluted	688

\* Mark-to-market adjustments reflect the impact of derivative contracts, which are used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Portfolio segment. The mark-to-market impact of derivative contracts is recognized in GAAP earnings immediately 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 that the presentation of adjusted diluted EPS Attributable to Duke Energy Corporation provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy Corporation's performance across periods.

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Nine Months Ended September 30, 2015**  
**(Dollars in millions, except per-share amounts)**

	Special Items								Adjusted Earnings
	Reported Earnings	Costs to Achieve, Progress Merger	Edwardsport Settlement	Midwest Generation Operations	Ash Basin Settlement	Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	
<b>SEGMENT INCOME</b>									
Regulated Utilities	\$ 2,311	\$ —	\$ 56	B \$ —	\$ 4	D \$ —	\$ —	\$ 60	\$ 2,371
International Energy	157	—	—	—	—	—	—	—	157
Commercial Portfolio	(15)	—	—	94	C —	(1)	E 41	F 134	119
<b>Total Reportable Segment Income</b>	<b>2,453</b>	<b>—</b>	<b>56</b>	<b>94</b>	<b>4</b>	<b>(1)</b>	<b>41</b>	<b>194</b>	<b>2,647</b>
Other	(139)	42	A —	—	—	—	—	42	(97)
Intercompany Eliminations	(4)	—	—	—	—	—	4	G 4	—
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>2,310</b>	<b>42</b>	<b>56</b>	<b>94</b>	<b>4</b>	<b>(1)</b>	<b>45</b>	<b>240</b>	<b>2,550</b>
Discontinued Operations	29	—	—	(94)	C —	—	65	H (29)	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,339</b>	<b>\$ 42</b>	<b>\$ 56</b>	<b>\$ —</b>	<b>\$ 4</b>	<b>\$ (1)</b>	<b>\$ 110</b>	<b>\$ 211</b>	<b>\$ 2,550</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>									
	\$ 3.36	\$ 0.05	\$ 0.08	\$ —	\$ 0.01	\$ —	\$ 0.16	\$ 0.30	\$ 3.66
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>									
	\$ 3.36	\$ 0.05	\$ 0.08	\$ —	\$ 0.01	\$ —	\$ 0.16	\$ 0.30	\$ 3.66

A - Net of \$25 million tax benefit. Recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$34 million tax benefit. \$85 million recorded within Impairment charges and \$5 million recorded within Other income and expenses, net on the Duke Energy Indiana Condensed Consolidated Statements of Operations.

C - Operating results of the nonregulated Midwest generation business that had been classified from discontinued operations after adjustment for special items and economic hedges (net of \$53 million tax benefit).

D - Net of \$3 million tax benefit. Recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations. Includes \$1 million and \$6 million at Duke Energy Carolinas and Duke Energy Progress, respectively.

E - Recorded within Operating Revenues on the Condensed Consolidated Statements of Operations.

F - State tax expense resulting from the completion of the sale of the nonregulated Midwest generation business.

G - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.

H - Recorded in (Loss) Income From Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations, and includes the impact of a litigation reserve related to the nonregulated Midwest generation business.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	696
Diluted	696

\* Mark-to-market adjustments reflect the impact of derivative contracts, which are used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Portfolio segment. The mark-to-market impact of derivative contracts is recognized in GAAP earnings immediately 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 that the presentation of adjusted diluted EPS Attributable to Duke Energy Corporation provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy Corporation's performance across periods.

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three and Nine Months Ended September 30, 2016**  
(Dollars in Millions)

	Three Months Ended September 30, 2016		Nine Months Ended September 30, 2016	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 1,579		\$ 3,240	
Costs to Achieve, Mergers	84		315	
International Impairment	—		194	
Cost Savings Initiatives	19		63	
Commercial Renewables Impairment	71		71	
Noncontrolling Interests	(5)		(13)	
<b>Adjusted Pretax Income</b>	<b>\$ 1,748</b>		<b>\$ 3,870</b>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 520	32.9%	\$ 972	30.0%
Costs to Achieve, Mergers	32		120	
International Impairment	—		49	
Cost Savings Initiatives	7		24	
Commercial Renewables Impairment	26		26	
<b>Adjusted Tax Expense</b>	<b>\$ 585</b>	<b>33.5% *</b>	<b>\$ 1,191</b>	<b>30.8% *</b>

\*Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using pretax earnings and income tax expense, both adjusted for the impact of special items. The most directly comparable GAAP measure for adjusted effective tax rate is reported effective tax rate, which includes the impact of special items.

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three and Nine Months Ended September 30, 2015**  
(Dollars in Millions)

	Three Months Ended September 30, 2015		Nine Months Ended September 30, 2015	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 1,360		\$ 3,438	
Costs to Achieve, Progress Energy Merger	24		67	
Edwardsport Settlement	90		90	
Midwest Generation Operations	—		147	
Ash Basin Settlement	7		7	
Economic Hedges (Mark-to-Market)	(1)		(1)	
Noncontrolling Interests	(3)		(10)	
Intercompany Eliminations	—		4	
<b>Adjusted Pretax Income</b>	<u>\$ 1,477</u>		<u>\$ 3,742</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 420	30.9%	\$ 1,118	32.5%
Tax Adjustment Related to Midwest Generation Sale	—		(41)	
Costs to Achieve, Progress Energy Merger	9		25	
Edwardsport Settlement	34		34	
Midwest Generation Operations	—		53	
Ash Basin Settlement	3		3	
<b>Adjusted Tax Expense</b>	<u>\$ 466</u>	31.6% *	<u>\$ 1,192</u>	31.9% *

\*Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using pretax earnings and income tax expense, both adjusted for the impact of special items. The most directly comparable GAAP measure for adjusted effective tax rate is reported effective tax rate, which includes the impact of special items.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549


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**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

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Date of Report (Date of earliest event reported): December 20, 2016

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, and Telephone Number	IRS Employer Identification No.
1-32853	 <b>DUKE ENERGY</b> <b>DUKE ENERGY CORPORATION</b> (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 2.01. Completion of Acquisition or Disposition of Assets.**

On December 20, 2016, Duke Energy Corporation (the "Corporation") completed the sale, for approximately \$1.2 billion enterprise value, including the assumption of debt, of all of its equity interests in Duke Energy International Group S.à.r.l., Duke Energy International España Holdings SL and Duke Energy International Investments No. 2 Ltd (the "Latin America Subsidiaries"). The Latin America Subsidiaries own approximately 2,300 megawatts of hydroelectric and natural gas generation capacity, transmission infrastructure and natural gas processing facilities in Peru, Chile, Argentina, Guatemala, El Salvador and Ecuador. The sale was consummated pursuant to that Purchase and Sale Agreement, dated as of October 10, 2016, with Orazul Energía Peru S.A.C. and Orazul Energía (España) Holdings S.R.L., each as an assignee of ISQ Enerlam Aggregator, L.P. (n/k/a Orazul Energía Aggregator, L.P.) and Enerlam (UK) Holdings Ltd. (n/k/a Orazul Energía (UK) Holdings Ltd), entities controlled by a consortium of investors led by I Squared Capital (collectively, "I Squared"). The transaction is expected to generate available cash proceeds of approximately \$1 billion, excluding transaction costs and subject to working capital adjustments, which will be used to reduce holding company debt. Existing federal attributes will result in no immediate U.S. federal-level cash tax impacts to the Corporation.

**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION**

Date: December 20, 2016

By: /s/ Julia S. Janson  
Name: Julia S. Janson  
Title: Executive Vice President, Chief Legal Officer and Corporate Secretary



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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

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Date of Report (Date of earliest event reported): **December 29, 2016**

Commission file  
number

Registrant, State of Incorporation or Organization,  
Address of Principal Executive Offices, and Telephone Number

IRS Employer  
Identification No.

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1-32853



**DUKE ENERGY CORPORATION**

20-2777218

(a Delaware corporation)

550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- 
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**Item 2.01. Completion of Acquisition or Disposition of Assets.**

On December 29, 2016, Duke Energy Corporation (the "Corporation") completed the sale, for approximately \$1.2 billion enterprise value, including the assumption of debt, of all of its equity interests in Duke Energy International Brazil Holdings S.à.r.l. ("DEI Brazil"). DEI Brazil owns 2,090 megawatts of hydroelectric generation capacity in Brazil. The transaction was consummated pursuant to that Purchase and Sale Agreement, dated as of October 10, 2016, with China Three Gorges (Luxembourg) Energy S.à.r.l., a subsidiary of China Three Gorges Corporation.

The Corporation previously announced the completion of the sale of all of its equity interests in Duke Energy International Group S.à.r.l., Duke Energy International España Holdings SL and Duke Energy International Investments No. 2 Ltd (the "Latin America Subsidiaries") on December 20, 2016. The sale of DEI Brazil and the sale of the Latin America Subsidiaries (the "Transactions") are expected to generate available cash proceeds of approximately \$1.9 billion, excluding transaction costs and subject to working capital adjustments, which will be used to reduce Duke Energy holding company debt. Existing federal tax attributes will result in no immediate U.S. tax impacts.

The Transactions excluded the Corporation's 25% equity interest in National Methanol Company, a Saudi Arabian regional producer of methanol and methyl tertiary butyl ether (MTBE), a gasoline additive.

**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION**

Date: December 29, 2016

By: /s/ Julia S. Janson  
Name: Julia S. Janson  
Title: Executive Vice President, Chief Legal Officer and  
Corporate Secretary

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 16, 2017

Commission file  
number

Registrant, State of Incorporation or Organization,  
Address of Principal Executive Offices, and Telephone Number

IRS Employer  
Identification No.

1-32853

**DUKE ENERGY CORPORATION**

(a Delaware corporation)  
550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

20-2777218



Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02 Results of Operations and Financial Conditions.**

On February 16, 2017, Duke Energy Corporation issued a news release announcing its financial results for the fourth quarter ended December 31, 2016. A copy of this news release is attached hereto as Exhibit 99.1. The information in Exhibit 99.1 is being furnished pursuant to this Item 2.02.

**Item 9.01 Financial Statements and Exhibits.**

*(d) Exhibits*

99.1 News Release issued by Duke Energy Corporation on February 16, 2017

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**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION**

**/s/ WILLIAM E. CURRENS JR.**

William E. Currens Jr.

Senior Vice President, Chief Accounting Officer and Controller

Dated: February 16, 2017

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**EXHIBIT INDEX**

<u>Exhibit</u>	<u>Description</u>
99.1	News Release issued by Duke Energy Corporation on February 16, 2017

## News Release



Media Contact: Catherine Butler  
24-Hour: 800.559.3853

Analysts: Mike Callahan  
Office: 704.382.0459

Feb. 16, 2017

### Duke Energy reports fourth quarter and full-year 2016 financial results

- **GAAP reported diluted earnings per share (EPS) were \$3.11 in 2016, compared to \$4.05 in 2015; adjusted diluted EPS was \$4.69 for 2016 compared to \$4.54 for 2015**
- **Company achieves the high end of its 2016 adjusted diluted EPS guidance range**
- **2017 adjusted diluted EPS guidance range set at \$4.50 to \$4.70**
- **Five-year growth capital plan increased by approximately 25 percent to \$37 billion**

CHARLOTTE, N.C. - Duke Energy today announced 2016 full-year reported diluted EPS, prepared in accordance with Generally Accepted Accounting Principles (GAAP) of \$3.11, compared to \$4.05 for the full-year 2015. Duke Energy's full-year 2016 adjusted diluted EPS was \$4.69, compared to \$4.54 for full-year 2015.

Adjusted diluted EPS excludes the impact of certain items included in GAAP reported diluted EPS. Amounts excluded from adjusted diluted EPS are primarily costs to achieve mergers, certain severance charges, asset impairments, a 2015 charge associated with the Edwardsport IGCC regulatory settlement, and the fourth quarter 2016 loss on sale of International Energy, primarily related to the recognition of cumulative currency translation adjustment losses.

Full-year 2016 adjusted results were driven by favorable weather, strong cost control and benefits from an early close of the Piedmont Natural Gas acquisition, which helped to offset significant storm costs and higher interest expense.

"2016 was a transformational year for Duke Energy as we acquired Piedmont Natural Gas and exited our International business, positioning the company for more consistent earnings and cash flow growth," said Lynn Good, Duke Energy chairman, president and CEO. "We continue to advance our long-term growth strategy to modernize the energy grid, generate cleaner energy and expand natural gas infrastructure. Our employees' commitment to industry-leading operational and safety performance, combined with our unwavering focus on cost management, enabled us to achieve financial results at the high end of our guidance range.

"Our strategy is producing results. By investing in infrastructure our customers value and delivering sustainable growth for our investors, we are confident we will achieve strong results in 2017 and beyond," Good said.

Duke Energy reported a fourth quarter 2016 GAAP loss per share of 33 cents, compared to earnings per share of 69 cents for fourth quarter 2015 primarily related to the loss on the sale

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of International Energy. Fourth quarter 2016 adjusted diluted EPS was 81 cents, compared to 87 cents for fourth quarter 2015.

As expected, fourth quarter adjusted results were impacted by higher planned O&M expenses and higher interest expense, partially offset by Piedmont's earnings contribution, net of financing costs.

The company has set its 2017 adjusted diluted EPS guidance range of \$4.50 to \$4.70, and extended its long-term adjusted diluted EPS growth rate of 4 to 6 percent to 2021. The growth rate is anchored to the midpoint of the 2017 adjusted diluted EPS guidance range, or \$4.60 per share. The long-term growth rate is supported by an expanded \$37 billion growth capital plan, representing an increase of approximately 25 percent from the previous five-year growth capital plan.

### **Business segment results**

In addition to the following summary of fourth quarter 2016 business segment performance, comprehensive tables with detailed earnings per share drivers for the fourth quarter and full year 2016, compared to prior year, are provided on pages 15 and 16, respectively.

The discussion below of the fourth-quarter results includes both GAAP segment income and adjusted segment income, which is a non-GAAP financial measure. The tables on pages 24 through 27 present a reconciliation of GAAP reported results to adjusted results.

Due to the Piedmont acquisition and the sale of International Energy in the fourth quarter of 2016, Duke Energy's segment structure has been realigned to include the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. Other now includes the results of National Methanol Company (NMC), previously included in the International Energy segment, and the results of the Midwest Generation business that was sold in 2015, previously included in the former Commercial Portfolio segment.

Prior periods have been recast to conform to the current segment structure.

### **Electric Utilities and Infrastructure**

On a reported basis, Electric Utilities and Infrastructure recognized fourth quarter 2016 segment income of \$483 million, compared to \$569 million in the fourth quarter of 2015.

On an adjusted basis, Electric Utilities and Infrastructure recognized fourth quarter 2016 adjusted segment income of \$483 million, compared to \$588 million in the fourth quarter of 2015. Adjusted diluted EPS was lower by \$0.15 per share, excluding a \$0.01 decrease due to the common stock issuance of 10.6 million shares used to fund a portion of the Piedmont acquisition.

Lower quarterly results at Electric Utilities and Infrastructure were primarily driven by:

- Higher O&M expenses (-\$0.08 per share), primarily due to higher planned spending
  - Higher effective tax rate (-\$0.06 per share) resulting from a prior year benefit
-

- Higher interest expense (-\$0.03 per share) related to additional debt outstanding
- Higher depreciation and amortization (-\$0.03 per share) from additional plant in service

These unfavorable drivers were partially offset by:

- Favorable weather (+\$0.03 per share), net of estimated volume impacts of Hurricane Matthew (-\$0.02 cents per share)
- Higher AFUDC equity (+\$0.02 per share) due to increased capital investments

#### **Gas Utilities and Infrastructure**

Gas Utilities and Infrastructure recognized fourth quarter 2016 reported and adjusted segment income of \$89 million, compared to \$14 million in the fourth quarter of 2015, an increase of \$0.11 per share.

Higher quarterly results at Gas Utilities and Infrastructure were primarily driven by:

- Contribution from Piedmont Natural Gas (+\$0.10 per share), subsequent to the acquisition in October 2016 and before share dilution and debt financing costs which are included in Other
- Higher earnings from midstream pipeline investments (+\$0.01 per share), primarily the Atlantic Coast Pipeline

#### **Commercial Renewables**

On a reported basis, Commercial Renewables recognized fourth quarter 2016 segment income of \$10 million, compared to \$17 million in the fourth quarter of 2015.

On an adjusted basis, Commercial Renewables recognized fourth quarter 2016 adjusted segment income of \$10 million, compared to \$19 million in the fourth quarter 2015, a decrease of \$0.01 per share.

Lower quarterly results at Commercial Renewables were primarily driven by lower investment tax credits due to lower solar investments, partially offset by higher production tax credits from additional wind facilities placed in service.

#### **Other**

Other primarily includes corporate interest expense not allocated to the business units, results from Duke Energy's captive insurance company, and other investments including National Methanol Company, an equity method investment, and the results of the Midwest Generation business that was sold in 2015, previously included in the former Commercial Portfolio segment.

On a reported basis, Other recognized fourth quarter 2016 net expense of \$209 million, compared to net expense of \$170 million in the fourth quarter of 2015. In addition to the drivers outlined below, quarterly results were impacted by higher costs to achieve mergers, partially offset by lower charges related to cost savings initiatives. These charges were treated as special items and therefore excluded from adjusted earnings.

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On an adjusted basis, Other recognized fourth quarter 2016 adjusted net expense of \$57 million, compared to adjusted net expense of \$75 million in the fourth quarter of 2015, an improvement of \$0.02 per share. The decreased net expense was primarily driven by a change in effective tax rate due to an unfavorable tax adjustment in the prior year (+\$0.07 per share) partially offset by higher interest expense in 2016 (-\$0.03 per share) primarily resulting from the Piedmont Natural Gas acquisition financing.

Duke Energy's consolidated reported effective tax rate for fourth quarter 2016 was 26.6 percent, compared to 29.2 percent in the fourth quarter of 2015. The consolidated adjusted effective tax rate for fourth quarter 2016 was 30.4 percent, compared to 31.4 percent in 2015. Adjusted effective tax rate is a non-GAAP financial measure. The tables on pages 28 and 29 present a reconciliation of the GAAP reported effective tax rate to the adjusted effective tax rate.

#### **Discontinued Operations**

For the fourth quarter of 2016, Duke Energy's GAAP reported Loss From Discontinued Operations, net of tax includes a loss on the sale of the International business and other transaction-related costs, partially offset by the operating results of the International business prior to the sale of \$40 million. The operating results of \$40 million were included in Duke Energy's adjusted earnings for the fourth quarter.

#### **Earnings conference call for analysts**

An earnings conference call for analysts is scheduled for 10 a.m. ET today. In addition to discussing the fourth quarter and year-end 2016 financial results, the company will provide its 2017 adjusted diluted earnings per share guidance range and other business and financial updates.

The conference call will be hosted by Lynn Good, chairman, president and chief executive officer, and Steve Young, executive vice president and chief financial officer.

The call can be accessed via the investors' section (<http://www.duke-energy.com/investors/>) of Duke Energy's website or by dialing 888-487-0354 in the United States or 719-457-2506 outside the United States. The confirmation code is 1359293. Please call in 10 to 15 minutes prior to the scheduled start time.

A replay of the conference call will be available until 1 p.m. ET, Feb. 24, 2017, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 1359293. An audio replay and transcript will also be available by accessing the investors' section of the company's website.

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### Special Items and Non-GAAP Reconciliation

The following tables present a reconciliation of GAAP reported to adjusted diluted EPS for fourth quarter and full-year 2016 and 2015 financial results:

(In millions, except per-share amounts)	After-Tax Amount	4Q 2016 EPS	4Q 2015 EPS
Diluted EPS, as reported		\$ (0.33)	\$ 0.69
Adjustments to reported EPS:			
<b>Fourth Quarter 2016</b>			
Costs to achieve mergers	\$ 134	0.19	
Cost saving initiatives	18	0.03	
Discontinued operations <sup>(a)</sup>	640	0.92	
<b>Fourth Quarter 2015</b>			
Costs to achieve mergers	18		0.03
Ash basin settlement	7		0.01
Cost savings initiatives	88		0.13
Discontinued operations <sup>(b)</sup>	9		0.01
Total adjustments		\$ 1.14	\$ 0.18
Diluted EPS, adjusted		\$ 0.81	\$ 0.87

(a) Includes a loss on sale of the International Disposal Group. Represents the GAAP reported Loss from Discontinued Operations less the International Disposal Group operating results, which are included in adjusted earnings.

(b) Represents the GAAP reported Loss from Discontinued Operations less the International Disposal Group operating results, which are included in adjusted earnings.

(In millions, except per-share amounts)	After-Tax Amount	Full-Year 2016 EPS	Full-Year 2015 EPS
Diluted EPS, as reported		\$ 3.11	\$ 4.05
Adjustments to reported EPS:			
<b>Full-Year 2016</b>			
Costs to achieve mergers	\$ 329	0.48	
Cost saving initiatives	57	0.08	
Commercial Renewables impairment	45	0.07	
Discontinued operations <sup>(a)</sup>	661	0.95	
<b>Full-Year 2015</b>			
Costs to achieve mergers	60		0.09
Edwardsport settlement	58		0.08
Ash basin settlement and penalties	11		0.02
Cost savings initiatives	88		0.13
Discontinued operations <sup>(b)</sup>	119		0.17
Total adjustments		\$ 1.58	\$ 0.49
Diluted EPS, adjusted		\$ 4.69	\$ 4.54

(a) Includes a loss on sale of the International Disposal Group. Represents the GAAP reported Loss from Discontinued Operations, less the International Disposal Group operating results, which are included in adjusted earnings.

(b) Includes the impact of a litigation reserve related to the Midwest Generation Disposal Group. Represents i) GAAP reported Income from Discontinued Operations, less the International Disposal Group operating results and Midwest Generation Disposal Group operating results, which are included in adjusted earnings, and ii) a state tax charge resulting from the completion of the sale of the Midwest Generation Disposal Group but not reported as discontinued operations.

### Non-GAAP financial measures

Management evaluates financial performance in part based on non-GAAP financial measures, adjusted earnings and adjusted diluted EPS. These items represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per-share impact of special items. As discussed below, special items include certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them with 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 financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. 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 stockholders.

Special items included in the periods presented include the following:

- Costs to achieve mergers represent charges that result from potential or completed strategic acquisitions.
- Cost savings initiatives represents severance charges related to company-wide initiatives to standardize processes and systems, leverage technology and workforce optimization.
- Commercial Renewables Impairment and Asset impairment represent other-than-temporary impairments.
- Edwardsport Settlement and Ash Basin Settlement and Penalties represent charges related to Plea Agreements and settlement agreements with regulators and other governmental entities.

Adjusted earnings also include the operating results of the nonregulated Midwest generation business and Duke Energy Retail Sales (collectively, the Midwest Generation Disposal Group) and the International Disposal Group, which have been classified as discontinued operations. Management believes inclusion of the operating results of the Disposal Groups within adjusted earnings and adjusted diluted EPS results is a better reflection of Duke Energy's financial performance during the period.

Due to the forward-looking nature of any forecasted adjusted earnings guidance, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods (such as legal settlements, the impact of regulatory orders, or asset impairments).

Management evaluates segment performance based on segment income and other net expense. Segment income is defined as income from continuing operations attributable to

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Duke Energy. Segment income includes intercompany revenues and expenses that are eliminated in the Consolidated Financial Statements. Management also uses adjusted segment income as a measure of historical and anticipated future segment performance. Adjusted segment income is a non-GAAP financial measure, as it is based upon segment income adjusted for special items, which are discussed above. Management believes the presentation of adjusted segment income provides useful information to investors, as it provides them with an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment income or adjusted other net expense is segment income and other net expense.

Due to the forward-looking nature of any forecasted adjusted segment income or adjusted other net expense and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to forecast all special items for future periods, as discussed above.

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

Duke Energy, one of the largest electric power holding companies in the United States, supplies and delivers electricity to approximately 7.4 million customers in the Southeast and Midwest, representing a population of approximately 24 million people. The company also distributes natural gas to more than 1.5 million customers in the Carolinas, Ohio, Kentucky and Tennessee. Its commercial business operates a growing renewable energy portfolio and transmission infrastructure across the United States.

Headquartered in Charlotte, N.C., Duke Energy is an S&P 100 Stock Index company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available at [duke-energy.com](http://duke-energy.com).

The [Duke Energy News Center](#) serves as a multimedia resource for journalists and features news releases, helpful links, photos and videos. Hosted by Duke Energy, [illumination](#) is an online destination for stories about remarkable people, innovations, and community and environmental topics. It also offers glimpses into the past and insights into the future of energy.

Follow Duke Energy on [Twitter](#), [LinkedIn](#), [Instagram](#) and [Facebook](#).

### 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 and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may

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cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors 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 prices; the extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate; the ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through the regulatory process; the costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process; credit ratings of the company or its subsidiaries may be different from what is expected; 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 variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, including self-generation and distributed generation technologies; federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as rooftop solar and battery storage, in our service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs; advancements in technology; additional competition in electric and gas markets and continued industry consolidation; the influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change; the ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources; the ability to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business; operational interruptions to our gas distribution and transmission activities; the availability of adequate interstate pipeline transportation capacity and natural gas supply; the impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, and other catastrophic events such as fires, explosions, pandemic health events or other similar occurrences; 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, interest rate fluctuations and general economic conditions; the credit ratings may be different from what the company and its subsidiaries expect; declines in the market prices of equity and fixed income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement

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benefit plans, and nuclear decommissioning trust funds; construction and development risks associated with the completion of Duke Energy and its subsidiaries' capital investment projects, 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; substantial revision to the U.S. tax code, such as changes to the corporate tax rate or a material change in the deductibility of interest; the impact of potential goodwill impairments; the ability to successfully complete future merger, acquisition or divestiture plans; and the ability to successfully integrate the natural gas businesses following the acquisition of Piedmont Natural Gas Company, Inc. and realize anticipated benefits.

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 [www.sec.gov](http://www.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 described. Forward-looking statements speak only as of the date they are made; Duke Energy expressly disclaims an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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**December 2016**  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

<i>(In millions, except per-share amounts and where noted)</i>	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
<b>Earnings Per Share - Basic and Diluted</b>				
Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ 0.53	\$ 0.62	\$ 3.71	\$ 3.80
Diluted	\$ 0.53	\$ 0.62	\$ 3.71	\$ 3.80
(Loss) Income from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ (0.86)	\$ 0.07	\$ (0.60)	\$ 0.25
Diluted	\$ (0.86)	\$ 0.07	\$ (0.60)	\$ 0.25
Net (loss) income attributable to Duke Energy Corporation common stockholders				
Basic	\$ (0.33)	\$ 0.69	\$ 3.11	\$ 4.05
Diluted	\$ (0.33)	\$ 0.69	\$ 3.11	\$ 4.05
Weighted average shares outstanding				
Basic	699	688	691	694
Diluted	699	688	691	694
<b>INCOME (LOSS) BY BUSINESS SEGMENT</b>				
Electric Utilities and Infrastructure <sup>(a)</sup>	\$ 483	\$ 569	\$ 3,040	\$ 2,819
Gas Utilities and Infrastructure <sup>(b)</sup>	89	14	152	73
Commercial Renewables <sup>(c)</sup>	10	17	23	52
Total Reportable Segment Income	582	600	3,215	2,944
Other <sup>(d)(e)(f)(g)</sup>	(209)	(170)	(645)	(299)
Intercompany Eliminations	1	—	1	—
(Loss) Income from Discontinued Operations, net of tax <sup>(h)</sup>	(601)	47	(419)	171
Net (Loss) Income Attributable to Duke Energy Corporation	\$ (227)	\$ 477	\$ 2,152	\$ 2,816
<b>CAPITALIZATION</b>				
Total Common Equity (%)			45%	48%
Total Debt (%)			55%	52%
Total Debt			\$ 50,382	\$ 42,501
Book Value Per Share			\$ 58.63	\$ 57.78
Actual Shares Outstanding			700	688
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>				
Electric Utilities and Infrastructure <sup>(i)</sup>	\$ 2,070	\$ 1,721	\$ 6,649	\$ 6,852
Gas Utilities and Infrastructure <sup>(j)</sup>	5,242	72	5,519	234
Commercial Renewables	428	343	857	1,019
Other <sup>(k)</sup>	124	59	190	258
Total Capital and Investment Expenditures	\$ 7,864	\$ 2,195	\$ 13,215	\$ 8,363

Note: Prior period amounts have been restated to conform to the current segment structure.

(a) Includes a charge of \$58 million (net of tax of \$35 million) related to the Edwardsport settlement for the year ended December 31, 2015.

(b) Includes \$67 million of Piedmont's earnings for the three months and year ended December 31, 2016.

(c) Includes an impairment charge of \$45 million (net of tax of \$26 million) for the year ended December 31, 2016, related to certain equity method investments in wind projects.

(d) Includes costs to achieve mergers of \$134 million (net of tax of \$74 million) for the three months ended December 31, 2016, and \$329 million (net of tax of \$194 million) for the year ended December 31, 2016.

(e) Includes costs to achieve mergers of \$60 million (net of tax of \$37 million) for the year ended December 31, 2015.

(f) Includes a charge of \$57 million (net of tax of \$35 million) for the year ended December 31, 2016, primarily consisting of severance expense related to cost savings initiatives.

(g) Includes a charge of \$77 million (net of tax of \$47 million) for the three months and year ended December 31, 2015, primarily consisting of severance expense related to cost savings initiatives.

(h) Includes a loss on the sale of the International Disposal Group of \$640 million (including tax charges of \$126 million) for the three months and year ended December 31, 2016.

(i) Includes \$1.25 billion related to the NCEMPA acquisition for the year ended December 31, 2015.

(j) Includes \$5 billion related to the Piedmont acquisition for the three months and year ended December 31, 2016.

(k) Includes capital expenditures of the International Disposal Group prior to the sale.

December 2016  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

(In millions)	Three Months Ended		Years Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
<b>ELECTRIC UTILITIES AND INFRASTRUCTURE</b>				
Operating Revenues	\$ 4,936	\$ 4,851	\$ 21,366	\$ 21,521
Operating Expenses	3,950	3,818	15,821	16,295
(Loss) Gains on Sales of Other Assets and Other, net	(3)	2	—	5
Operating Income	983	1,035	5,545	5,231
Other Income and Expenses	88	76	303	264
Interest Expense	307	263	1,136	1,074
Income Before Income Taxes	764	848	4,712	4,421
Income Tax Expense	281	279	1,672	1,602
Segment Income	\$ 483	\$ 569	\$ 3,040	\$ 2,819
Depreciation and Amortization	\$ 758	\$ 698	\$ 2,897	\$ 2,735
<b>GAS UTILITIES AND INFRASTRUCTURE</b>				
Operating Revenues	\$ 543	\$ 122	\$ 901	\$ 541
Operating Expenses	379	93	636	408
(Loss) Gains on Sales of Other Assets and Other, net	(1)	(1)	(1)	6
Operating Income	163	28	264	139
Other Income and Expenses	11	2	24	3
Interest Expense	27	6	46	25
Income Before Income Taxes	147	24	242	117
Income Tax Expense	58	10	90	44
Segment Income	\$ 89	\$ 14	\$ 152	\$ 73
Depreciation and Amortization	\$ 56	\$ 20	\$ 115	\$ 79
<b>COMMERCIAL RENEWABLES</b>				
Operating Revenues	\$ 119	\$ 86	\$ 484	\$ 286
Operating Expenses	123	96	492	322
Gains (Loss) on Sales of Other Assets and Other, net	1	(5)	5	1
Operating Loss	(3)	(15)	(3)	(35)
Other Income and Expenses	(5)	6	(83)	2
Interest Expense	15	11	53	44
Loss Before Income Taxes	(23)	(20)	(139)	(77)
Income Tax Benefit	(33)	(36)	(160)	(128)
Less: Loss Attributable to Noncontrolling Interests	—	(1)	(2)	(1)
Segment Income	\$ 10	\$ 17	\$ 23	\$ 52
Depreciation and Amortization	\$ 34	\$ 27	\$ 130	\$ 104
<b>OTHER</b>				
Operating Revenues	\$ 26	\$ 45	\$ 117	\$ 135
Operating Expenses	287	206	604	409
Gains on Sales of Other Assets and Other, net	9	3	23	18
Operating Loss	(252)	(158)	(464)	(256)
Other Income and Expenses	15	25	75	98
Interest Expense	140	108	693	393
Loss Before Income Taxes	(377)	(241)	(1,082)	(551)
Income Tax Benefit	(170)	(74)	(446)	(262)
Less: Income Attributable to Noncontrolling Interests	2	3	9	10
Other Net Expense	\$ (209)	\$ (170)	\$ (645)	\$ (299)
Depreciation and Amortization	\$ 44	\$ 36	\$ 152	\$ 135

Note: Prior period amounts have been restated to conform to the current segment structure.

**DUKE ENERGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(In millions, except per-share amounts)

	Years Ended December 31,		
	2016	2015	2014
<b>Operating Revenues</b>			
Regulated electric	\$ 21,221	\$ 21,379	\$ 21,550
Nonregulated electric and other	659	456	386
Regulated natural gas	863	536	573
Total operating revenues	22,743	22,371	22,509
<b>Operating Expenses</b>			
Fuel used in electric generation and purchased power	6,625	7,355	7,732
Cost of natural gas	265	141	185
Operation, maintenance and other	6,085	5,539	5,506
Depreciation and amortization	3,294	3,053	2,969
Property and other taxes	1,142	1,129	1,204
Impairment charges	18	106	81
Total operating expenses	17,429	17,323	17,677
Gains on Sales of Other Assets and Other, net	27	30	10
<b>Operating Income</b>	<b>5,341</b>	<b>5,078</b>	<b>4,842</b>
<b>Other Income and Expenses</b>			
Equity in earnings (losses) of unconsolidated affiliates	(15)	69	130
Other income and expenses, net	324	290	320
Total other income and expenses	309	359	450
<b>Interest Expense</b>	<b>1,916</b>	<b>1,527</b>	<b>1,529</b>
<b>Income From Continuing Operations Before Income Taxes</b>	<b>3,734</b>	<b>3,910</b>	<b>3,763</b>
<b>Income Tax Expense from Continuing Operations</b>	<b>1,156</b>	<b>1,256</b>	<b>1,225</b>
<b>Income From Continuing Operations</b>	<b>2,578</b>	<b>2,654</b>	<b>2,538</b>
<b>(Loss) Income From Discontinued Operations, net of tax</b>	<b>(408)</b>	<b>177</b>	<b>(649)</b>
<b>Net Income</b>	<b>2,170</b>	<b>2,831</b>	<b>1,889</b>
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	<b>18</b>	<b>15</b>	<b>6</b>
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,152</b>	<b>\$ 2,816</b>	<b>\$ 1,883</b>
<b>Earnings Per Share - Basic and Diluted</b>			
Income from continuing operations attributable to Duke Energy Corporation common stockholders			
Basic	\$ 3.71	\$ 3.80	\$ 3.58
Diluted	\$ 3.71	\$ 3.80	\$ 3.58
(Loss) Income from discontinued operations attributable to Duke Energy Corporation common stockholders			
Basic	\$ (0.60)	\$ 0.25	\$ (0.92)
Diluted	\$ (0.60)	\$ 0.25	\$ (0.92)
Net income attributable to Duke Energy Corporation common stockholders			
Basic	\$ 3.11	\$ 4.05	\$ 2.66
Diluted	\$ 3.11	\$ 4.05	\$ 2.66
Weighted average shares outstanding			
Basic	691	694	707
Diluted	691	694	707

DUKE ENERGY CORPORATION  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

<i>(in millions)</i>	December 31, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 392	\$ 383
Receivables (net of allowance for doubtful accounts of \$14 at 2016 and \$12 at 2015)	751	515
Receivables of VIEs (net of allowance for doubtful accounts of \$54 at 2016 and \$53 at 2015)	1,893	1,748
Inventory	3,522	3,746
Assets held for sale	—	746
Regulatory assets (includes \$50 related to VIEs at 2016)	1,023	877
Other	458	307
<b>Total current assets</b>	<b>8,039</b>	<b>8,322</b>
<b>Investments and Other Assets</b>		
Investments in equity method unconsolidated affiliates	925	499
Nuclear decommissioning trust funds	6,205	5,825
Goodwill	19,425	16,072
Assets held for sale	—	2,413
Other	2,752	2,830
<b>Total investments and other assets</b>	<b>29,307</b>	<b>27,639</b>
<b>Property, Plant and Equipment</b>		
Cost	121,397	109,967
Accumulated depreciation and amortization	(39,406)	(36,736)
Generation facilities to be retired, net	529	548
<b>Net property, plant and equipment</b>	<b>82,520</b>	<b>73,779</b>
<b>Regulatory Assets and Deferred Debits</b>		
Regulatory assets (includes \$1,142 related to VIEs at 2016)	12,878	11,373
Other	17	43
<b>Total regulatory assets and deferred debits</b>	<b>12,895</b>	<b>11,416</b>
<b>Total Assets</b>	<b>\$ 132,761</b>	<b>\$ 121,156</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,994	\$ 2,350
Notes payable and commercial paper	2,487	3,633
Taxes accrued	384	289
Interest accrued	503	412
Current maturities of long-term debt (includes \$260 at 2016 and \$125 at 2015 related to VIEs)	2,319	2,026
Liabilities associated with assets held for sale	—	279
Asset retirement obligations	411	—
Regulatory liabilities	409	400
Other	2,044	2,011
<b>Total current liabilities</b>	<b>11,551</b>	<b>11,400</b>
<b>Long-Term Debt (includes \$3,587 at 2016 and \$2,197 at 2015 related to VIEs)</b>	<b>45,576</b>	<b>36,842</b>
<b>Deferred Credits and Other Liabilities</b>		
Deferred income taxes	14,155	12,548
Investment tax credits	493	472
Accrued pension and other post-retirement benefit costs	1,111	1,088
Liabilities associated with assets held for sale	—	900
Asset retirement obligations	10,200	10,249
Regulatory liabilities	6,881	6,255
Other	1,753	1,631
<b>Total deferred credits and other liabilities</b>	<b>34,593</b>	<b>33,143</b>
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 700 million and 688 million shares outstanding at 2016 and 2015, respectively	1	1

Additional paid-in capital	38,741	37,968
Retained earnings	2,384	2,564
Accumulated other comprehensive loss	(93)	(806)
Total Duke Energy Corporation stockholders' equity	41,033	39,727
Noncontrolling interests	8	44
Total equity	41,041	39,771
<b>Total Liabilities and Equity</b>	<b>\$ 132,761</b>	<b>\$ 121,156</b>

**DUKE ENERGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Years Ended December 31,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 2,170	\$ 2,831
Adjustments to reconcile net income to net cash provided by operating activities	4,628	3,845
Net cash provided by operating activities	<u>6,798</u>	<u>6,676</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	<u>(11,533)</u>	<u>(5,277)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by (used in) financing activities	<u>4,270</u>	<u>(2,578)</u>
Changes in cash and cash equivalents included in assets held for sale	474	1,099
Net increase (decrease) in cash and cash equivalents	9	(80)
Cash and cash equivalents at the beginning of period	383	463
Cash and cash equivalents at end of period	<u>\$ 392</u>	<u>\$ 383</u>

DUKE ENERGY CORPORATION  
EARNINGS VARIANCES  
December 2016 QTD vs. Prior Year

(\$ per share)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	International Energy	Other	Discontinued Operations	Consolidated
<b>2015 QTD Reported Earnings Per Share, Diluted</b>	\$ 0.82	\$ 0.02	\$ 0.02	\$ —	\$ (0.24)	\$ 0.07	\$ 0.69
Costs to Achieve Mergers	—	—	—	—	0.03	—	0.03
Ash Basin Settlement and Penalties	0.01	—	—	—	—	—	0.01
Cost Savings Initiatives	0.02	—	—	—	0.11	—	0.13
International Energy Operations	—	—	—	0.08	—	(0.08)	—
Discontinued Operations	—	—	—	—	—	0.01	0.01
<b>2015 QTD Adjusted Earnings Per Share, Diluted</b>	\$ 0.85	\$ 0.02	\$ 0.02	\$ 0.08	\$ (0.10)	\$ —	\$ 0.87
Change in share count	(0.01)	—	—	—	—	—	(0.01)
Weather-related (a)	0.03	—	—	—	—	—	0.03
Volume	(0.01)	—	—	—	—	—	(0.01)
Pricing and Riders	(0.01)	—	—	—	—	—	(0.01)
Wholesale	(0.01)	—	—	—	—	—	(0.01)
Operations and maintenance, net of recoverables (b)	(0.08)	0.01	—	—	—	—	(0.07)
Piedmont Natural Gas contribution	—	0.10	—	—	—	—	0.10
Commercial Gas Pipelines	—	0.01	—	—	—	—	0.01
Duke Energy Renewables	—	—	(0.01)	—	—	—	(0.01)
Other (c)	0.02	—	—	—	(0.02)	—	—
Interest Expense	(0.03)	—	—	—	(0.03)	—	(0.06)
Change in effective income tax rate	(0.06)	(0.01)	—	(0.01)	0.07	—	(0.01)
Latin America, including foreign exchange rates	—	—	—	(0.01)	—	—	(0.01)
<b>2016 QTD Adjusted Earnings Per Share, Diluted</b>	\$ 0.69	\$ 0.13	\$ 0.01	\$ 0.06	\$ (0.08)	\$ —	\$ 0.81
Costs to Achieve Mergers	—	—	—	—	(0.19)	—	(0.19)
Cost Savings Initiatives	—	—	—	—	(0.03)	—	(0.03)
International Energy Operations	—	—	—	(0.06)	—	0.06	—
Discontinued Operations	—	—	—	—	—	(0.92)	(0.92)
<b>2016 QTD Reported Earnings Per Share, Diluted</b>	\$ 0.69	\$ 0.13	\$ 0.01	\$ —	\$ (0.30)	\$ (0.86)	\$ (0.33)

Note 1: Prior period amounts have been restated to conform to the current segment structure. Results of NMC, previously included in the International Energy segment, are now within Other.

Note 2: Adjusted and Reported Earnings Per Share amounts by segment may not recompute from other published schedules due to rounding.

Note 3: Earnings Per Share amounts are calculated using the consolidated statutory income tax rate for all variance drivers except Duke Energy Renewables, which uses an effective tax rate.

(a) Weather-related amounts include estimated volume impacts of Hurricane Matthew.

(b) Primarily due to higher planned O&M spending, including costs related to employee benefits.

(c) Electric Utilities and Infrastructure includes higher AFUDC equity (+\$0.02) and lower general taxes (+\$0.03), partially offset by increased depreciation and amortization expense (-\$0.03) due to higher depreciable base.



DUKE ENERGY CORPORATION  
EARNINGS VARIANCES  
December 2016 YTD vs. Prior Year

(\$ per share)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	International Energy	Other		Discontinued Operations	Consolidated
					Continuing Operations	Midwest Generation		
<b>2015 YTD Reported Earnings Per Share, Diluted</b>	\$ 4.06	\$ 0.11	\$ 0.08	\$ —	\$ (0.45)	\$ —	\$ 0.25	\$ 4.05
Costs to Achieve Mergers	—	—	—	—	0.09	—	—	0.09
Edwardsport Settlement	0.08	—	—	—	—	—	—	0.08
Midwest Generation Operations	—	—	—	—	—	0.14	(0.14)	—
Ash Basin Settlement and Penalties	0.02	—	—	—	—	—	—	0.02
Cost Savings Initiatives	0.01	—	—	—	0.12	—	—	0.13
International Energy Operations	—	—	—	0.22	—	—	(0.22)	—
Discontinued Operations	—	—	—	—	0.06	—	0.11	0.17
<b>2015 YTD Adjusted Earnings Per Share, Diluted</b>	\$ 4.17	\$ 0.11	\$ 0.08	\$ 0.22	\$ (0.18)	\$ 0.14	\$ —	\$ 4.54
Change in share count (a)	0.02	—	—	—	—	—	—	0.02
Weather-related (b)	0.07	—	—	—	—	—	—	0.07
Volume	0.03	—	—	—	—	—	—	0.03
Pricing and Riders (c)	0.14	0.01	—	—	—	—	—	0.15
Wholesale (d)	0.07	—	—	—	—	—	—	0.07
Operations and maintenance, net of recoverables (e)	(0.02)	—	—	—	—	—	—	(0.02)
Piedmont Natural Gas contribution	—	0.10	—	—	—	—	—	0.10
Commercial Gas Pipelines	—	0.02	—	—	—	—	—	0.02
Duke Energy Renewables	—	—	0.02	—	—	—	—	0.02
National Methanol Company (NMC)	—	—	—	—	(0.05)	—	—	(0.05)
Other (f)	(0.08)	(0.02)	—	—	(0.03)	—	—	(0.13)
Interest Expense	(0.04)	—	—	—	(0.06)	—	—	(0.10)
Change in effective income tax rate	0.04	—	—	0.09	(0.06)	—	—	0.07
Midwest Generation (g)	—	—	—	—	—	(0.14)	—	(0.14)
Latin America, including foreign exchange rates	—	—	—	0.04	—	—	—	0.04
<b>2016 YTD Adjusted Earnings Per Share, Diluted</b>	\$ 4.40	\$ 0.22	\$ 0.10	\$ 0.35	\$ (0.38)	\$ —	\$ —	\$ 4.69
Cost to Achieve Mergers	—	—	—	—	(0.48)	—	—	(0.48)
Cost Savings Initiatives	—	—	—	—	(0.08)	—	—	(0.08)
Commercial Renewables Impairment	—	—	(0.07)	—	—	—	—	(0.07)
International Energy Operations	—	—	—	(0.35)	—	—	0.35	—
Discontinued Operations	—	—	—	—	—	—	(0.95)	(0.95)
<b>2016 YTD Reported Earnings Per Share, Diluted</b>	\$ 4.40	\$ 0.22	\$ 0.03	\$ —	\$ (0.94)	\$ —	\$ (0.60)	\$ 3.11

Note 1: Prior period amounts have been restated to conform to the current segment structure. Results of NMC, previously included in the International Energy segment, are now within Other.

Note 2: Adjusted and Reported Earnings Per Share amounts by segment may not recompute from other published schedules due to rounding.

Note 3: Earnings Per Share amounts are calculated using the consolidated statutory income tax rate for all variance drivers except Duke Energy Renewables, which uses an effective tax rate.

(a) Due to the prior year repurchase of common shares, partially offset by the issuance of shares in 2016 to partially fund the Piedmont acquisition. Weighted average diluted shares outstanding decreased from 694 million shares to 691 million shares.

(b) Weather-related amounts include estimated volume impacts of Hurricane Matthew.

(c) Primarily due to the NCEMPA rider (+\$0.07) and higher energy efficiency recoveries in the Carolinas (+\$0.05).

(d) Primarily due to the implementation of the 30-year contract with NCEMPA.

(e) Primarily due to increased storm restoration costs and costs related to the NCEMPA asset purchase, partially offset by strong cost control.

(f) Electric Utilities and Infrastructure includes increased depreciation and amortization expense (-\$0.11) due to higher depreciable base, partially offset by higher AFUDC equity (+\$0.03).

(g) Due to prior year earnings from the nonregulated Midwest generation business, which was sold in April 2015.

Electric Utilities and Infrastructure  
Quarterly Highlights  
December 2016

	Three Months Ended December 31,				Years Ended December 31,			
	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	18,057	17,198	5.0%	—%	83,507	83,393	0.1%	0.7%
General Service	18,473	18,243	1.3%	0.2%	77,764	77,367	0.5%	0.1%
Industrial	12,748	12,827	(0.6%)	(1.0%)	51,895	52,197	(0.6%)	(0.6%)
Other Energy Sales	144	147	(2.0%)		579	597	(3.0%)	
Unbilled Sales	(328)	113	(390.3%)	n/a	750	(363)	306.6%	n/a
Total Retail Sales	49,094	48,528	1.2%	(0.2)%	214,495	213,191	0.6%	0.2%
Special Sales	9,251	9,524	(2.9%)		43,034	38,075	13.0%	
Total Consolidated Electric Sales - Electric Utilities and Infrastructure	58,345	58,052	0.5%		257,529	251,266	2.5%	
<b>Average Number of Customers (Electric)</b>								
Residential	6,481,061	6,394,280	1.4%		6,450,046	6,362,549	1.4%	
General Service	966,777	955,880	1.1%		962,629	952,483	1.1%	
Industrial	17,768	17,983	(1.2%)		17,843	18,107	(1.5%)	
Other Energy Sales	23,177	23,119	0.3%		23,132	23,049	0.4%	
Total Regular Sales	7,488,803	7,391,262	1.3%		7,453,650	7,358,189	1.3%	
Special Sales	60	63	(4.8%)		61	63	(3.2%)	
Total Average Number of Customers - Electric Utilities and Infrastructure	7,488,863	7,391,325	1.3%		7,453,711	7,358,251	1.3%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	15,400	13,915	10.7%		73,767	76,348	(3.4%)	
Nuclear	18,375	18,541	(0.9%)		74,160	71,121	4.3%	
Hydro	153	996	(84.6%)		1,665	2,021	(18.1%)	
Oil and Natural Gas	13,689	14,616	(6.3%)		62,150	60,670	2.4%	
Renewable Energy	37	3	1,133.3%		195	13	1,400.0%	
Total Generation (4)	47,654	48,071	(0.9%)		211,927	210,173	0.8%	
<b>Purchased Power and Net Interchange (5)</b>								
Total Sources of Energy	61,279	59,834	2.4%		271,309	263,018	3.2%	
Less: Line Loss and Other	2,934	1,782	64.6%		13,780	11,752	17.3%	
Total GWh Sources	58,345	58,052	0.5%		257,529	251,266	2.5%	
<b>Owned MW Capacity (3)</b>								
Summer					49,338	50,216		
Winter					52,515	53,484		
<b>Nuclear Capacity Factor (%) (6)</b>								
					96	94		

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Carolinas  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
December 2016

	Three Months Ended December 31,				Years Ended December 31,			
	2016	2015	% Inc.(Dec)	% Inc.(Dec) Weather Normal (2)	2016	2015	% Inc.(Dec)	% Inc.(Dec) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	5,684	5,471	7.5%		27,939	27,916	0.1%	
General Service	6,801	6,626	2.6%		28,906	28,700	0.7%	
Industrial	5,396	5,406	(0.2%)		21,942	22,136	(0.9%)	
Other Energy Sales	76	76	—%		304	305	(0.3%)	
Unbilled Sales	128	(21)	709.5%		372	(539)	169.0%	
Total Retail Sales	18,285	17,558	4.1%	(1.7%)	79,483	78,518	1.2%	(0.3%)
Special Sales	2,370	1,706	38.9%		9,082	8,432	7.7%	
Total Consolidated Electric Sales - Duke Energy Carolinas	20,655	19,264	7.2%		88,565	86,950	1.8%	
<b>Average Number of Customers</b>								
Residential	2,158,630	2,128,724	1.5%		2,148,432	2,117,482	1.5%	
General Service	351,145	348,378	1.4%		349,400	345,119	1.2%	
Industrial	8,270	8,337	(1.1%)		6,295	6,417	(1.9%)	
Other Energy Sales	15,250	15,123	0.8%		15,190	15,041	1.0%	
Total Regular Sales	2,532,595	2,498,562	1.4%		2,519,317	2,484,059	1.4%	
Special Sales	23	24	(4.2%)		24	25	(4.0%)	
Total Average Number of Customers - Duke Energy Carolinas	2,532,618	2,498,586	1.4%		2,519,341	2,484,084	1.4%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	5,551	3,789	47.3%		25,607	25,896	(1.1%)	
Nuclear	11,417	10,903	4.7%		44,826	45,013	(0.4%)	
Hydro	20	700	(97.1%)		822	1,136	(27.6%)	
Oil and Natural Gas	2,866	2,659	8.5%		11,779	10,595	11.2%	
Renewable Energy	3	3	—%		13	13	—%	
Total Generation (4)	19,877	18,034	10.2%		83,047	82,553	0.5%	
Purchased Power and Net Interchange (5)	1,941	2,182	(11.0%)		10,737	9,170	17.1%	
Total Sources of Energy	21,818	20,216	7.9%		93,784	91,823	2.1%	
Less: Line Loss and Other	1,163	952	22.2%		5,239	4,873	7.5%	
Total GWh Sources	20,655	19,264	7.2%		88,545	86,950	1.8%	
<b>Owned MW Capacity (3)</b>								
Summer					19,685	19,645		
Winter					20,390	20,360		
<b>Nuclear Capacity Factor (%) (6)</b>								
					96	96		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	1,047	813	28.8%		2,908	2,922	(0.5%)	
Cooling Degree Days	60	22	172.7%		1,950	1,731	12.7%	
<b>Variance from Normal</b>								
Heating Degree Days	(18.1%)	(34.2%)	n/a		(11.4%)	(7.6%)	n/a	
Cooling Degree Days	71.4%	(46.3%)	n/a		29.9%	8.4%	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Progress  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
December 2016

	Three Months Ended December 31,				Years Ended December 31,			
	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	3,683	3,407	8.1%		17,666	17,954	(1.5%)	
General Service	3,550	3,529	0.6%		15,557	15,529	0.2%	
Industrial	2,482	2,498	(0.6%)		10,274	10,288	(0.1%)	
Other Energy Sales	21	25	(16.0%)		89	106	(16.0%)	
Unbilled Sales	164	50	228.0%		262	(302)	186.8%	
Total Retail Sales	9,800	9,509	4.1%	0.3%	43,868	43,575	0.7%	0.2%
Special Sales	5,138	5,372	(4.4%)		25,181	21,306	18.2%	
Total Consolidated Electric Sales - Duke Energy Progress	15,038	14,881	1.1%		69,049	64,881	6.4%	
<b>Average Number of Customers</b>								
Residential	1,297,292	1,280,852	1.3%		1,291,742	1,274,550	1.3%	
General Service	229,936	227,233	1.2%		229,007	228,099	1.3%	
Industrial	4,115	4,174	(1.4%)		4,136	4,209	(1.7%)	
Other Energy Sales	1,498	1,848	(9.1%)		1,537	1,877	(8.3%)	
Total Regular Sales	1,532,841	1,513,907	1.3%		1,526,422	1,506,535	1.3%	
Special Sales	15	15	—%		15	15	—%	
Total Average Number of Customers - Duke Energy Progress	1,532,856	1,513,922	1.3%		1,526,437	1,506,550	1.3%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	2,062	1,506	36.9%		11,570	12,960	(10.7%)	
Nuclear	6,958	7,638	(8.9%)		29,334	28,108	12.4%	
Hydro	41	193	(78.8%)		490	582	(15.8%)	
Oil and Natural Gas	4,879	5,020	(6.8%)		22,718	22,203	2.3%	
Renewable Energy	31	—	n/a		177	—	n/a	
Total Generation (4)	13,771	14,357	(4.1%)		64,287	61,853	3.9%	
Purchased Power and Net Interchange (5)	1,990	1,022	94.7%		7,381	5,649	30.7%	
Total Sources of Energy	15,761	15,379	2.5%		71,668	67,502	6.2%	
Less: Line Loss and Other	723	498	45.2%		2,619	2,621	(0.1%)	
Total GWh Sources	15,038	14,881	1.1%		69,049	64,881	6.4%	
<b>Owned MW Capacity (3)</b>								
Summer					12,905	12,915		
Winter					14,034	14,019		
<b>Nuclear Capacity Factor (%) (6)</b>								
					94	91		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	1,013	650	55.8%		2,708	2,654	2.0%	
Cooling Degree Days	78	65	20.0%		2,033	1,844	10.2%	
<b>Variance from Normal</b>								
Heating Degree Days	(11.7%)	(41.5%)	n/a		(9.0%)	(7.8%)	n/a	
Cooling Degree Days	39.3%	4.8%	n/a		23.9%	5.8%	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Florida  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
December 2016

	Three Months Ended December 31,			Years Ended December 31,				
	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	4,612	4,732	(2.5%)		20,285	19,932	1.7%	
General Service	3,795	3,903	(2.8%)		15,288	15,304	(0.1%)	
Industrial	816	851	(4.1%)		3,197	3,293	(2.9%)	
Other Energy Sales	6	6	—%		24	24	—%	
Unbilled Sales	(755)	(463)	(63.1%)		(257)	104	(347.1%)	
Total Retail Sales	6,474	9,029	(6.1%)	(0.4%)	38,517	38,657	(0.4%)	0.8%
Special Sales	388	226	64.4%		1,687	1,396	35.2%	
Total Electric Sales - Duke Energy Florida	8,862	9,265	(4.3%)		40,404	40,053	0.9%	
<b>Average Number of Customers</b>								
Residential	1,555,990	1,533,247	1.5%		1,548,681	1,524,320	1.6%	
General Service	198,708	194,265	1.3%		195,728	193,437	1.2%	
Industrial	2,157	2,227	(3.1%)		2,177	2,244	(3.0%)	
Other Energy Sales	1,528	1,534	(0.4%)		1,532	1,537	(0.3%)	
Total Regular Sales	1,756,383	1,731,273	1.5%		1,748,118	1,721,538	1.5%	
Special Sales	14	14	—%		14	14	—%	
Total Average Number of Customers - Duke Energy Florida	1,756,397	1,731,287	1.5%		1,748,132	1,721,552	1.5%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	2,247	1,612	39.4%		8,652	9,718	(8.9%)	
Oil and Natural Gas	5,513	6,135	(10.1%)		24,884	25,263	(1.5%)	
Renewable Energy	3	—	n/a		5	—	n/a	
Total Generation (4)	7,763	7,747	0.2%		33,741	34,981	(3.5%)	
Purchased Power and Net Interchange (5)	1,591	1,937	(17.9%)		8,998	7,217	24.7%	
Total Sources of Energy	9,354	9,684	(3.4%)		42,739	42,198	1.3%	
Less: Line Loss and Other	492	419	17.4%		2,335	2,145	8.9%	
Total GWh Sources	8,862	9,265	(4.3%)		40,404	40,053	0.9%	
<b>Owned MW Capacity (3)</b>								
Summer					8,839	9,101		
Winter					9,732	10,070		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	81	27	200.0%		482	400	20.5%	
Cooling Degree Days	572	765	(25.2%)		3,481	3,742	(7.0%)	
<b>Variance from Normal</b>								
Heating Degree Days	(60.0%)	(86.2%)	n/a		(19.8%)	(32.6%)	n/a	
Cooling Degree Days	22.3%	65.2%	n/a		10.1%	17.0%	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

Duke Energy Ohio  
Quarterly Highlights  
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	Three Months Ended December 31,				Years Ended December 31,			
	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	1,897	1,747	8.6%		6,699	6,638	0.7%	
General Service	2,307	2,231	3.4%		9,833	9,512	1.3%	
Industrial	1,467	1,481	(0.9%)		5,945	5,988	(0.7%)	
Other Energy Sales	27	27	—%		109	109	—%	
Unbilled Sales	67	(44)	252.3%		203	(52)	490.4%	
Total Retail Sales	5,765	5,442	5.9%	2.1%	24,589	24,195	1.6%	0.7%
Special Sales	281	299	(6.0%)		574	1,244	(53.9%)	
Total Electric Sales - Duke Energy Ohio	6,046	5,741	5.3%		25,163	25,439	(1.1%)	
<b>Average Number of Customers</b>								
Residential	756,044	748,478	1.0%		753,409	746,757	0.9%	
General Service	87,931	87,298	0.7%		87,625	87,227	0.5%	
Industrial	2,507	2,530	(0.9%)		2,514	2,530	(0.6%)	
Other Energy Sales	3,274	3,231	1.3%		3,258	3,220	1.2%	
Total Regular Sales	849,758	841,537	1.0%		846,806	839,734	0.8%	
Special Sales	1	1	—%		1	1	—%	
Total Average Number of Customers - Duke Energy Ohio	849,757	841,538	1.0%		848,807	839,735	0.8%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	1,017	949	7.2%		3,687	4,402	(18.7%)	
Oil and Natural Gas	4	10	(60.0%)		32	53	(39.6%)	
Total Generation (4)	1,021	959	8.5%		3,699	4,455	(17.0%)	
Purchased Power and Net Interchange (5)								
Total Sources of Energy	5,507	4,934	11.6%		23,648	22,280	6.1%	
Less: Line Loss and Other	6,528	5,893	10.8%		27,347	26,735	2.3%	
Total GWh Sources	482	152	217.1%		2,184	1,296	68.5%	
Total GWh Sources	6,046	5,741	5.3%		25,163	25,439	(1.1%)	
<b>Owned MW Capacity (3)</b>								
Summer					1,062	1,062		
Winter					1,164	1,184		
<b>Heating and Cooling Degree Days</b>								
Actual								
Heating Degree Days	1,635	1,318	24.2%		4,483	4,647	(3.5%)	
Cooling Degree Days	55	15	266.7%		1,400	1,109	26.2%	
Variance from Normal								
Heating Degree Days	(12.6%)	(28.0%)	n/a		(9.9%)	(3.6%)	n/a	
Cooling Degree Days	223.5%	(31.8%)	n/a		28.0%	(7.9%)	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.



Duke Energy Indiana  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
December 2016

	Three Months Ended December 31,				Years Ended December 31,			
	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	1,961	1,841	7.6%		8,918	8,953	(0.4%)	
General Service	2,020	1,954	3.4%		8,380	8,322	0.7%	
Industrial	2,587	2,591	(0.2%)		10,537	10,492	0.4%	
Other Energy Sales	14	13	7.7%		53	53	—%	
Unbilled Sales	68	(9)	855.6%		170	1	16,900.0%	
Total Retail Sales	6,670	6,390	4.4%	1.4%	28,058	27,821	0.9%	—%
Special Sales	1,074	1,911	(43.8%)		6,310	5,697	10.6%	
Total Electric Sales - Duke Energy Indiana	7,744	8,301	(6.7%)		34,368	33,518	2.5%	
<b>Average Number of Customers</b>								
Residential	711,625	702,979	1.3%		707,782	699,440	1.2%	
General Service	101,057	100,706	0.3%		100,869	100,601	0.3%	
Industrial	2,719	2,715	0.1%		2,721	2,707	0.5%	
Other Energy Sales	1,627	1,593	2.6%		1,615	1,574	2.6%	
Total Regular Sales	817,228	807,993	1.1%		812,987	804,322	1.1%	
Special Sales	7	9	(22.2%)		7	8	(12.5%)	
Total Average Number of Customers - Duke Energy Indiana	817,235	807,992	1.1%		812,994	804,330	1.1%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	4,523	6,079	(25.6%)		24,071	23,372	3.0%	
Hydro	92	103	(10.7%)		343	303	13.2%	
Oil and Natural Gas	607	792	(23.4%)		2,739	2,556	7.2%	
Total Generation (4)	5,222	6,974	(25.1%)		27,153	26,231	3.5%	
Purchased Power and Net Interchange (5)	2,596	1,698	53.6%		8,618	8,529	1.0%	
Total Sources of Energy	7,818	8,662	(9.7%)		35,771	34,760	2.9%	
Less: Line Loss and Other	74	361	(79.5%)		1,403	1,242	13.0%	
Total GWh Sources	7,744	8,301	(6.7%)		34,368	33,518	2.5%	
<b>Owned MW Capacity (3)</b>								
Summer					8,817	7,493		
Winter					7,195	7,871		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	1,782	1,487	19.8%		4,846	5,202	(6.8%)	
Cooling Degree Days	40	6	568.7%		1,348	1,078	25.3%	
<b>Variance from Normal</b>								
Heating Degree Days	(10.9%)	(24.0%)	n/a		(9.3%)	0.8%	n/a	
Cooling Degree Days	166.7%	(73.9%)	n/a		24.5%	(10.7%)	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

**Gas Utilities and Infrastructure**  
**Quarterly Highlights**  
**December 2016**

	Three Months Ended December 31,			Years Ended December 31,		
	2016	2015	% Inc.(Dec.)	2016	2015	% Inc.(Dec.)
<b>Total Sales</b>						
Piedmont Natural Gas Local Distribution Company (LDC) throughput (dekathems) (1) (2)	120,908,508	112,854,663	7.1%	495,122,794	465,670,939	6.3%
Duke Energy Midwest LDC throughput (MCF)	24,848,503	19,495,894	27.4%	81,870,489	84,523,814	(3.1%)
<b>Average Number of Customers - Piedmont Natural Gas (1)</b>						
Residential	934,940	921,239	1.5%	934,523	919,482	1.6%
Commercial	99,354	98,562	0.8%	99,827	98,764	1.1%
Industrial	2,289	2,282	0.3%	2,294	2,297	(0.1%)
Power Generation	25	25	—%	25	25	—%
Total Average Number of Gas Customers - Piedmont Natural Gas	1,036,608	1,022,108	1.4%	1,036,669	1,020,568	1.6%
<b>Average Number of Customers - Duke Energy Midwest</b>						
Residential	478,761	475,254	0.7%	477,729	474,842	0.6%
Commercial	43,196	43,378	(0.4%)	43,124	43,253	(0.3%)
Industrial	1,609	1,627	(1.1%)	1,609	1,619	(0.6%)
Other Energy Sales	142	142	—%	144	142	1.4%
Total Average Number of Gas Customers - Duke Energy Midwest	523,708	520,401	0.6%	522,606	519,856	0.5%

(1) Sales and customer data for Piedmont Natural Gas include amounts prior to the acquisition on October 3, 2016, for comparative purposes. Duke Energy's consolidated financial results do not include Piedmont's results of operations prior to the date of acquisition.

(2) Piedmont has a margin decoupling mechanism in North Carolina and weather normalization mechanisms in South Carolina and Tennessee that significantly eliminate the impact of throughput changes on earnings. Duke Energy Ohio's rate design also serves to offset this impact.

**Commercial Renewables**  
**Quarterly Highlights**  
**December 2016**

	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Actual Renewable Plant Production, GWh	1,946	1,664	7,565	5,577
Net Proportional MW Capacity in Operation	n/a	n/a	2,892	1,943

DUKE ENERGY CORPORATION  
REPORTED TO ADJUSTED EARNINGS RECONCILIATION  
Three Months Ended December 31, 2016  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	International Energy Operations			
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 483	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 483
Gas Utilities and Infrastructure	89	—	—	—	—	—	89
Commercial Renewables	10	—	—	—	—	—	10
Total Reportable Segment Income	582	—	—	—	—	—	582
International Energy	—	—	—	40	C	40	40
Other	(209)	134 A	18 B	—	—	152	(57)
Intercompany Eliminations	1	—	—	—	(1)	(1)	—
Discontinued Operations	(601)	—	—	(40)	C	641 D	—
Net Income Attributable to Duke Energy Corporation	\$ (227)	\$ 134	\$ 18	\$ —	\$ 640	\$ 792	\$ 565
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	\$ (0.33)	\$ 0.19	\$ 0.03	\$ —	\$ 0.92	\$ 1.14	\$ 0.81

- A - Net of \$74 million tax benefit. \$10 million recorded within Operating Revenues, \$198 million recorded within Operating Expenses on the Consolidated Statements of Operations.
- B - Net of \$11 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.
- C - Net of \$26 million tax expense. Operating results of the International Disposal Group, which exclude the loss and transaction-related costs described below, recorded within (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.
- D - Recorded within (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes a loss on the sale of the International Disposal Group and other transaction-related costs.

Weighted Average Shares, Diluted (reported and adjusted) - 699 million

DUKE ENERGY CORPORATION  
REPORTED TO ADJUSTED EARNINGS RECONCILIATION  
Twelve Months Ended December 31, 2016  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items				Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	Commercial Renewables Impairment	International Energy Operations			
<b>SEGMENT INCOME</b>								
Electric Utilities and Infrastructure	\$ 3,040	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,040
Gas Utilities and Infrastructure	152	—	—	—	—	—	—	152
Commercial Renewables	23	—	—	45 C	—	—	45	68
<b>Total Reportable Segment Income</b>	<b>3,215</b>	<b>—</b>	<b>—</b>	<b>45</b>	<b>—</b>	<b>—</b>	<b>45</b>	<b>3,260</b>
International Energy	—	—	—	—	243 D	—	243	243
Other	(645)	329 A	57 B	—	—	—	386	(259)
Intercompany Eliminations	1	—	—	—	—	(1)	(1)	—
Discontinued Operations	(419)	—	—	—	(243) D	662 E	419	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,152</b>	<b>\$ 329</b>	<b>\$ 57</b>	<b>\$ 45</b>	<b>\$ —</b>	<b>\$ 661</b>	<b>\$ 1,092</b>	<b>\$ 3,244</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 3.11</b>	<b>\$ 0.48</b>	<b>\$ 0.08</b>	<b>\$ 0.07</b>	<b>\$ —</b>	<b>\$ 0.95</b>	<b>\$ 1.58</b>	<b>\$ 4.69</b>

A - Net of \$194 million tax benefit. Includes \$11 million recorded within Operating Revenues, \$278 million recorded within Operating Expenses and \$234 million recorded within Interest Expense on the Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

B - Net of \$35 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

C - Net of \$26 million tax benefit. Other-than-temporary impairment included within Equity in earnings (losses) of unconsolidated affiliates on the Consolidated Statements of Operations.

D - Net of \$27 million tax expense. Operating results of the International Disposal Group, which exclude the loss and impairment described below and other miscellaneous transaction-related costs, recorded within (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

E - Recorded within (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes a loss on the sale of the International Disposal Group, an impairment charge related to certain assets in Central America, and a tax benefit related to previously sold businesses.

Weighted Average Shares, Diluted (reported and adjusted) - 691 million

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Three Months Ended December 31, 2015**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Costs to Achieve Mergers	Special Items				Economic Hedges (Mark-to-Market)	Discontinued Operations	Total Adjustments	Adjusted Earnings
			Edwardsport Settlement	Ash Basin Settlement and Penalties	Cost Savings Initiatives	International Energy Operations				
<b>SEGMENT INCOME</b>										
Electric Utilities and Infrastructure	\$ 569	\$ —	\$ 2 B	\$ 7 C	\$ 10 D	\$ —	\$ —	\$ 19	\$ 588	
Gas Utilities and Infrastructure	14	—	—	—	—	—	—	—	14	
Commercial Renewables	17	—	—	—	1 E	—	1 H	2	19	
<b>Total Reportable Segment Income</b>	<b>600</b>	<b>—</b>	<b>2</b>	<b>7</b>	<b>11</b>	<b>—</b>	<b>1</b>	<b>21</b>	<b>621</b>	
International Energy	—	—	—	—	—	56 G	—	—	56	
Other	(170)	18 A	—	—	77 F	—	—	95	(75)	
Discontinued Operations	47	—	—	—	—	(56) G	—	9 I	(47)	
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 477</b>	<b>\$ 18</b>	<b>\$ 2</b>	<b>\$ 7</b>	<b>\$ 88</b>	<b>\$ —</b>	<b>\$ 1</b>	<b>\$ 9</b>	<b>\$ 125</b>	<b>\$ 602</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.69</b>	<b>\$ 0.03</b>	<b>\$ —</b>	<b>\$ 0.01</b>	<b>\$ 0.13</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 0.01</b>	<b>\$ 0.18</b>	<b>\$ 0.87</b>

- A - Net of \$12 million tax benefit. Recorded within Operating Expenses on the Consolidated Statements of Operations.
- B - Net of \$1 million tax benefit. \$3 million recorded within Impairment charges on the Duke Energy Indiana Consolidated Statements of Operations.
- C - Recorded within Operation, maintenance and other on the Duke Energy Carolinas Consolidated Statements of Operations.
- D - Net of \$6 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations. Includes \$7 million at Duke Energy Carolinas, \$4 million at Duke Energy Progress, \$2 million at Duke Energy Florida, \$1 million at Duke Energy Ohio and \$2 million at Duke Energy Indiana.
- E - Net of \$1 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.
- F - Net of \$47 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.
- G - Net of \$29 million tax expense. Operating results of the International Disposal Group classified as discontinued operations.
- H - Recorded within Operating Revenues on the Consolidated Statements of Operations.
- I - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 688 million

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Twelve Months Ended December 31, 2015**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items							Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Edwardsport Settlement	Midwest Generation Operations	Ash Basin Settlement and Penalties	Cost Savings Initiatives	International Energy Operations				
<b>SEGMENT INCOME</b>											
Electric Utilities and Infrastructure	\$ 2,819	\$ —	\$ 58 B	\$ —	\$ 11 D	\$ 10 E	\$ —	\$ —	\$ 79	\$ 2,898	
Gas Utilities and Infrastructure	73	—	—	—	—	—	—	—	—	73	
Commercial Renewables	52	—	—	—	—	1 F	—	—	1	53	
Total Reportable Segment Income	2,944	—	58	—	11	11	—	—	80	3,024	
International Energy	—	—	—	—	—	—	151 H	—	151	151	
Other	(299)	60 A	—	98 C	—	77 G	—	41 I	276	(23)	
Discontinued Operations	171	—	—	(98) C	—	—	(151) H	78 J	(171)	—	
Net Income Attributable to Duke Energy Corporation	\$ 2,816	\$ 60	\$ 58	\$ —	\$ 11	\$ 88	\$ —	\$ 119	\$ 336	\$ 3,152	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	\$ 4.05	\$ 0.09	\$ 0.08	\$ —	\$ 0.02	\$ 0.13	\$ —	\$ 0.17	\$ 0.49	\$ 4.54	

- A - Net of \$37 million tax benefit, \$95 million recorded within Operating Expenses and \$2 million recorded within Interest Expense on the Consolidated Statements of Operations.
- B - Net of \$35 million tax benefit, \$88 million recorded within Impairment charges and \$5 million recorded within Other Income and expenses, net on the Duke Energy Indiana Consolidated Statements of Operations.
- C - Net of \$53 million tax expense. Operating results of the nonregulated Midwest generation business classified as discontinued operations, which exclude special items and economic hedges.
- D - Net of \$3 million tax benefit. Recorded within Operation, maintenance and other on the Consolidated Statements of Operations. Includes \$8 million and \$6 million at Duke Energy Carolinas and Duke Energy Progress, respectively.
- E - Net of \$6 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations. Includes \$7 million at Duke Energy Carolinas, \$4 million at Duke Energy Progress, \$2 million at Duke Energy Florida, \$1 million at Duke Energy Ohio and \$2 million at Duke Energy Indiana.
- F - Net of \$1 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.
- G - Net of \$47 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.
- H - Net of \$70 million tax expense. Operating results of the International Disposal Group classified as discontinued operations.
- I - State tax expense resulting from the completion of the sale of the nonregulated Midwest generation business.
- J - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations, and includes the impact of a litigation reserve related to the nonregulated Midwest generation business.

Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 694 million

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three Months and Year Ended December 31, 2016**  
(Dollars in Millions)

	Three Months Ended December 31, 2016		Year Ended December 31, 2016	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 512		\$ 3,734	
Costs to Achieve Mergers	208		523	
Cost Savings Initiatives	29		92	
Commercial Renewables Impairment	—		71	
International Energy Operations	66		270	
Noncontrolling Interests	(2)		(7)	
Intercompany Eliminations	(1)		(1)	
<b>Adjusted Pretax Income</b>	<u>\$ 812</u>		<u>\$ 4,682</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 136	26.6%	\$ 1,156	31.0%
Costs to Achieve Mergers	74		194	
Cost Savings Initiatives	11		35	
Commercial Renewables Impairment	—		26	
International Energy Operations	26		27	
<b>Adjusted Tax Expense</b>	<u>\$ 247</u>	30.4% *	<u>\$ 1,438</u>	30.7% *

\*Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using pretax earnings and income tax expense, both adjusted for the impact of special items. The most directly comparable GAAP measure for adjusted effective tax rate is reported effective tax rate, which includes the impact of special items.

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three Months and Year Ended December 31, 2015**  
(Dollars in Millions)

	Three Months Ended December 31, 2015		Year Ended December 31, 2015	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 612		\$ 3,910	
Costs to Achieve Mergers	30		97	
Edwardsport Settlement	3		93	
Midwest Generation Operations	—		151	
Ash Basin Settlement and Penalties	7		14	
Cost Savings Initiatives	142		142	
International Energy Operations	85		221	
Economic Hedges (Mark-to-Market)	1		—	
Noncontrolling Interests	(3)		(9)	
<b>Adjusted Pretax Income</b>	<u>\$ 877</u>		<u>\$ 4,619</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 179	29.2%	\$ 1,256	32.1%
Tax Adjustment Related to Midwest Generation Sale	—		(41)	
Costs to Achieve Mergers	12		37	
Edwardsport Settlement	1		35	
Midwest Generation Operations	—		53	
Ash Basin Settlement and Penalties	—		3	
Cost Savings Initiatives	54		54	
International Energy Operations	29		70	
<b>Adjusted Tax Expense</b>	<u>\$ 275</u>	31.4% *	<u>\$ 1,467</u>	31.8% *

\*Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using pretax earnings and income tax expense, both adjusted for the impact of special items. The most directly comparable GAAP measure for adjusted effective tax rate is reported effective tax rate, which includes the impact of special items.



**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549


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**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

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Date of Report (Date of earliest event reported): February 23, 2017

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, and Telephone Number	IRS Employer Identification No.
1-32853	 <b>DUKE ENERGY CORPORATION</b> (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

On February 23, 2017, Theodore F. Craver, Jr. was appointed to the Board of Directors (the "Board") of Duke Energy Corporation (the "Corporation"), effective March 1, 2017. Mr. Craver was Chairman, President and Chief Executive Officer of Edison International, the parent company of a large California utility and various competitive electric businesses, from 2008 until his retirement in 2016.

The Board has determined that Mr. Craver has no material relationship with Duke Energy or its subsidiaries and is therefore independent under the listing standards of the New York Stock Exchange and the rules and regulations of the Securities and Exchange Commission ("SEC"). Mr. Craver's directorship will expire, along with the Corporation's other directors' terms, at the next annual meeting of shareholders. Mr. Craver has been appointed to the Finance and Risk Management Committee and Regulatory Policy and Operations Committee of the Board, effective March 1, 2017.

As a non-employee director of the Corporation, Mr. Craver will receive a pro-rated payment of the cash and stock annual retainer, will receive meeting fees in accordance with the Corporation's Director Compensation Program, as set forth on Exhibit 10.55 of the Company's Form 10-K, filed with the Securities and Exchange Commission on February 25, 2016, and will be eligible to participate in the Corporation's Directors' Savings Plan, which is described in the Annual Proxy Statement filed with the SEC on March 24, 2016. Mr. Craver is subject to the Corporation's Stock Ownership Guidelines, which require outside directors to own Duke Energy common stock (or common stock equivalents) with a value equal to at least five times the annual cash retainer (i.e., an ownership level of \$450,000) or retain 50% of their vested annual equity retainer until such minimum requirements are met.

**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION**

Date: February 23, 2017


By: /s/ Julia S. Janson  
Name: Julia S. Janson  
Title: Executive Vice President, Chief Legal Officer and Corporate Secretary

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 15, 2017

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, and Telephone Number	IRS Employer Identification No.
1-32853	<b>DUKE ENERGY CORPORATION</b> (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853 	20-2777218

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number	Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number
1-4928	<b>DUKE ENERGY CAROLINAS, LLC</b> (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853 56-0205520	1-1232	<b>DUKE ENERGY OHIO, INC.</b> (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853 31-0240030
1-3382	<b>DUKE ENERGY PROGRESS, LLC</b> (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-0165465	1-3543	<b>DUKE ENERGY INDIANA, LLC.</b> (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853 35-0594457
1-3274	<b>DUKE ENERGY FLORIDA, LLC</b> (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853 59-0247770	1-6196	<b>PIEDMONT NATURAL GAS COMPANY, INC.</b> (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120 56-556998

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02. Results of Operations and Financial Conditions.**

The information attached hereto as exhibit 99.1 provides supplemental financial information for Duke Energy Corporation and Subsidiary Registrants.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

99.1 Fourth Quarter 2016 Statistical Supplement

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**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION  
DUKE ENERGY CAROLINAS, LLC  
DUKE ENERGY PROGRESS, LLC  
DUKE ENERGY FLORIDA, LLC  
DUKE ENERGY OHIO, INC.  
DUKE ENERGY INDIANA, LLC  
PIEDMONT NATURAL GAS COMPANY, INC.**

Date: March 15, 2017

By: /s/ William E. Currens Jr.  
Name: William E. Currens Jr.  
Title: Senior Vice President, Chief Accounting Officer and Controller

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EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	Fourth Quarter 2016 Statistical Supplement



## 4th Quarter 2016 Statistical Supplement

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## Duke Energy and Piedmont Natural Gas

This Statistical Supplement includes results of Piedmont Natural Gas subsequent to the acquisition on October 3, 2016, and should be read in conjunction with i) Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2016, ii) Piedmont's Form 10-K for the year ended October 31, 2016, and iii) Piedmont's Form 10-QT for the transition period from November 1, 2016 to December 31, 2016.

### Segment Change

Due to the Piedmont acquisition and the sale of International Energy in the fourth quarter of 2016, Duke Energy's segment structure has been realigned to include the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. Other now includes the results of National Methanol Company (NMC), previously included in the International Energy segment, and the results of the Midwest Generation business that was sold in 2015, previously included in the former Commercial Portfolio segment.

Prior periods have been recast to conform to the current segment structure.

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DUKE ENERGY CORPORATION  
Consolidating Statements of Operations  
(Unaudited)

(In millions)	Twelve Months Ended December 31, 2016							Duke Energy
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	International Energy	Eliminations / Adjustments		
<b>Operating Revenues:</b>								
Regulated electric	\$ 21,366	\$ —	\$ —	\$ —	\$ —	\$ (145)	\$ 21,221	
Nonregulated electric and other	—	—	484	127	—	48	659	
Regulated natural gas	—	901	—	(10)	—	(28)	863	
<b>Total operating revenues</b>	<b>21,366</b>	<b>901</b>	<b>484</b>	<b>117</b>	<b>—</b>	<b>(125)</b>	<b>22,743</b>	
<b>Operating Expenses</b>								
Fuel used in electric generation and purchased power	6,595	—	—	51	—	(21)	6,625	
Cost of natural gas	—	265	—	—	—	—	265	
Operation, maintenance and other	5,293	186	337	371	—	(102)	6,085	
Depreciation and amortization	2,897	115	130	152	—	—	3,294	
Property and other taxes	1,020	70	25	28	—	(1)	1,142	
Impairment charges	16	—	—	2	—	—	18	
<b>Total operating expenses</b>	<b>15,821</b>	<b>636</b>	<b>492</b>	<b>604</b>	<b>—</b>	<b>(124)</b>	<b>17,429</b>	
<b>(Loss) Gains on Sales of Other Assets and Other, net</b>	<b>—</b>	<b>(1)</b>	<b>5</b>	<b>23</b>	<b>—</b>	<b>—</b>	<b>27</b>	
<b>Operating Income (Loss)</b>	<b>5,545</b>	<b>264</b>	<b>(3)</b>	<b>(464)</b>	<b>—</b>	<b>(1)</b>	<b>5,341</b>	
<b>Other Income and Expenses</b>								
Equity in earnings (losses) of unconsolidated affiliates <sup>(a)</sup>	5	19	(82)	43	—	—	(15)	
Other income and expenses, net	298	5	(1)	32	—	(10)	324	
<b>Total Other Income and Expenses</b>	<b>303</b>	<b>24</b>	<b>(83)</b>	<b>75</b>	<b>—</b>	<b>(10)</b>	<b>309</b>	
<b>Interest Expense<sup>(b)</sup></b>	<b>1,136</b>	<b>46</b>	<b>53</b>	<b>693</b>	<b>—</b>	<b>(12)</b>	<b>1,916</b>	
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	<b>4,712</b>	<b>242</b>	<b>(139)</b>	<b>(1,082)</b>	<b>—</b>	<b>1</b>	<b>3,734</b>	
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	<b>1,672</b>	<b>90</b>	<b>(160)</b>	<b>(446)</b>	<b>—</b>	<b>—</b>	<b>1,156</b>	
<b>Income (Loss) from Continuing Operations</b>	<b>3,040</b>	<b>152</b>	<b>21</b>	<b>(636)</b>	<b>—</b>	<b>1</b>	<b>2,578</b>	
<b>Less: Net (Loss) Income Attributable to Noncontrolling Interest</b>	<b>—</b>	<b>—</b>	<b>(2)</b>	<b>9</b>	<b>—</b>	<b>—</b>	<b>7</b>	
<b>Segment Income / Other Net Expense</b>	<b>\$ 3,040</b>	<b>\$ 152</b>	<b>\$ 23</b>	<b>\$ (645)</b>	<b>\$ —</b>	<b>\$ 1</b>	<b>\$ 2,571</b>	
<b>Loss from Discontinued Operations, net of tax<sup>(c)</sup></b>							<b>(419)</b>	
<b>Net Income Attributable to Duke Energy Corporation</b>							<b>\$ 2,152</b>	
<b>Segment Income / Other Net Expense</b>	<b>\$ 3,040</b>	<b>\$ 152</b>	<b>\$ 23</b>	<b>\$ (645)</b>	<b>\$ —</b>	<b>\$ 1</b>	<b>\$ 2,571</b>	
<b>Special Items</b>	<b>—</b>	<b>—</b>	<b>45</b>	<b>386</b>	<b>243</b>	<b>(1)</b>	<b>673</b>	
<b>Adjusted Earnings<sup>(d)</sup></b>	<b>\$ 3,040</b>	<b>\$ 152</b>	<b>\$ 68</b>	<b>\$ (259)</b>	<b>\$ 243</b>	<b>\$ —</b>	<b>\$ 3,244</b>	

- (a) Commercial Renewables includes a pretax impairment charge of \$71 million related to certain equity method investments in wind projects.  
(b) Other includes \$234 million related to Piedmont acquisition financing, primarily due to losses on forward-starting interest rate swaps.  
(c) Includes a loss on the sale of the International Disposal Group and an impairment charge related to certain assets in Central America, partially offset by the operating results of the International Disposal Group and a tax benefit related to previously sold businesses.  
(d) See page 22 for a detailed reconciliation of Segment Income / Other Net Expense to Adjusted Earnings.

DUKE ENERGY CORPORATION  
Consolidating Statements of Operations  
(Unaudited)

(In millions)	Twelve Months Ended December 31, 2015 <sup>(a)</sup>						
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	International Energy	Eliminations / Adjustments	Duke Energy
<b>Operating Revenues</b>							
Regulated electric	\$ 21,521	\$ —	\$ —	\$ —	\$ —	(142)	\$ 21,379
Nonregulated electric and other	—	—	286	135	—	35	456
Regulated natural gas	—	541	—	—	—	(5)	536
<b>Total operating revenues</b>	<b>21,521</b>	<b>541</b>	<b>286</b>	<b>135</b>	<b>—</b>	<b>(112)</b>	<b>22,371</b>
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	7,308	—	—	48	—	(1)	7,355
Cost of natural gas	—	141	—	—	—	—	141
Operation, maintenance and other	5,138	126	197	188	—	(110)	5,539
Depreciation and amortization	2,735	79	104	135	—	—	3,053
Property and other taxes	1,013	62	18	35	—	1	1,129
Impairment charges <sup>(b)</sup>	101	—	3	3	—	(1)	106
<b>Total operating expenses</b>	<b>16,295</b>	<b>408</b>	<b>322</b>	<b>409</b>	<b>—</b>	<b>(111)</b>	<b>17,323</b>
<b>Gains on Sales of Other Assets and Other, net</b>	<b>5</b>	<b>6</b>	<b>1</b>	<b>18</b>	<b>—</b>	<b>—</b>	<b>30</b>
<b>Operating Income (Loss)</b>	<b>5,231</b>	<b>139</b>	<b>(35)</b>	<b>(256)</b>	<b>—</b>	<b>(1)</b>	<b>5,078</b>
<b>Other Income and Expenses</b>							
Equity in earnings (losses) of unconsolidated affiliates	(2)	1	(6)	76	—	—	69
Other income and expenses, net	266	2	8	22	—	(8)	299
<b>Total Other Income and Expenses</b>	<b>264</b>	<b>3</b>	<b>2</b>	<b>98</b>	<b>—</b>	<b>(8)</b>	<b>359</b>
<b>Interest Expense</b>	<b>1,074</b>	<b>25</b>	<b>44</b>	<b>393</b>	<b>—</b>	<b>(9)</b>	<b>1,527</b>
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	<b>4,421</b>	<b>117</b>	<b>(77)</b>	<b>(551)</b>	<b>—</b>	<b>—</b>	<b>3,910</b>
<b>Income Tax Expense (Benefit) from Continuing Operations<sup>(c)</sup></b>	<b>1,602</b>	<b>44</b>	<b>(128)</b>	<b>(262)</b>	<b>—</b>	<b>—</b>	<b>1,256</b>
<b>Income (Loss) from Continuing Operations</b>	<b>2,819</b>	<b>73</b>	<b>51</b>	<b>(289)</b>	<b>—</b>	<b>—</b>	<b>2,654</b>
<b>Less: Net (Loss) Income Attributable to Noncontrolling Interest</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>10</b>	<b>—</b>	<b>—</b>	<b>9</b>
<b>Segment Income (Loss) / Other Net Expense</b>	<b>\$ 2,819</b>	<b>\$ 73</b>	<b>\$ 52</b>	<b>\$ (299)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,645</b>
<b>Income from Discontinued Operations, net of tax<sup>(d)</sup></b>							<b>171</b>
<b>Net Income Attributable to Duke Energy Corporation</b>							<b>\$ 2,816</b>
<b>Segment Income (Loss) / Other Net Expense</b>	<b>\$ 2,819</b>	<b>\$ 73</b>	<b>\$ 52</b>	<b>\$ (299)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 2,645</b>
<b>Special Items<sup>(e)</sup></b>	<b>79</b>	<b>—</b>	<b>1</b>	<b>276</b>	<b>151</b>	<b>—</b>	<b>507</b>
<b>Adjusted Earnings<sup>(f)</sup></b>	<b>\$ 2,898</b>	<b>\$ 73</b>	<b>\$ 53</b>	<b>\$ (23)</b>	<b>\$ 151</b>	<b>\$ —</b>	<b>\$ 3,152</b>

- (a) Amounts have been recast to conform to the current segment structure.  
(b) Electric Utilities and Infrastructure includes a pretax impairment charge of \$88 million related to the Edwardsport settlement.  
(c) Other includes a state tax charge of \$41 million resulting from the completion of the sale of the nonregulated Midwest generation business.  
(d) Includes results of the International Disposal Group and an after-tax charge of \$53 million related to a settlement agreement reached in a lawsuit related to the Midwest Disposal Group.  
(e) Other includes \$98 million for the operating results of the Midwest Generation Disposal Group classified as discontinued operations.  
(f) See page 23 for a detailed reconciliation of Segment Income (Loss) / Other Net Expense to Adjusted Earnings.

DUKE ENERGY CORPORATION  
Consolidating Balance Sheets - Assets  
(Unaudited)

(in millions)	December 31, 2016					
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations / Adjustments	Duke Energy
<b>Current Assets</b>						
Cash and cash equivalents	\$ 72	\$ 25	\$ 8	\$ 287	\$ —	\$ 392
Receivables, net	451	228	24	47	1	751
Receivables of variable interest entities, net	1,871	—	22	—	—	1,893
Receivables from affiliated companies	25	31	769	3,075	(3,900)	—
Notes receivable from affiliated companies	179	38	—	89	(306)	—
Inventory	3,372	108	17	26	(1)	3,522
Regulatory assets	806	124	—	93	—	1,023
Other	283	31	107	35	2	458
<b>Total current assets</b>	<b>7,059</b>	<b>585</b>	<b>947</b>	<b>3,652</b>	<b>(4,204)</b>	<b>8,039</b>
<b>Investments and Other Assets</b>						
Investments in equity method unconsolidated affiliates	93	566	185	81	—	925
Investments and advances to (from) subsidiaries	234	(7)	9	52,478	(52,714)	—
Nuclear decommissioning trust funds	6,205	—	—	—	—	6,205
Goodwill	17,379	1,924	122	—	—	19,425
Other	1,907	34	117	3,189	(2,495)	2,752
<b>Total investments and other assets</b>	<b>25,818</b>	<b>2,517</b>	<b>433</b>	<b>55,748</b>	<b>(55,209)</b>	<b>29,307</b>
<b>Property, Plant and Equipment</b>						
Cost	106,271	8,922	4,344	1,860	—	121,397
Accumulated depreciation and amortization	(35,788)	(2,047)	(569)	(1,002)	—	(39,406)
Generation facilities to be retired, net	529	—	—	—	—	529
<b>Net property, plant and equipment</b>	<b>71,012</b>	<b>6,875</b>	<b>3,775</b>	<b>858</b>	<b>—</b>	<b>82,520</b>
<b>Regulatory Assets and Deferred Debits</b>						
Regulatory assets	11,590	785	—	503	—	12,878
Other	10	2	—	5	—	17
<b>Total regulatory assets and deferred debits</b>	<b>11,600</b>	<b>787</b>	<b>—</b>	<b>508</b>	<b>—</b>	<b>12,895</b>
<b>Total Assets</b>	<b>115,489</b>	<b>10,764</b>	<b>5,155</b>	<b>60,766</b>	<b>(59,413)</b>	<b>132,761</b>
Segment reclassifications, intercompany balances and other	(496)	(4)	(778)	(58,323)	59,601	—
<b>Segment Assets</b>	<b>\$ 114,993</b>	<b>\$ 10,760</b>	<b>\$ 4,377</b>	<b>\$ 2,443</b>	<b>\$ 188</b>	<b>\$ 132,761</b>

DUKE ENERGY CORPORATION  
Consolidating Balance Sheets - Liabilities and Equity  
(Unaudited)

(in millions)	December 31, 2016					
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations / Adjustments	Duke Energy
<b>Current Liabilities</b>						
Accounts payable	\$ 2,301	\$ 233	\$ 57	\$ 403	\$ —	\$ 2,994
Accounts payable to affiliated companies	3,427	5	174	248	(3,854)	—
Notes payable to affiliated companies	143	1	—	186	(330)	—
Notes payable and commercial paper	—	330	—	2,157	—	2,487
Taxes accrued	471	102	(267)	79	(1)	384
Interest accrued	328	38	—	139	(2)	503
Current maturities of long-term debt	986	35	198	1,099	1	2,319
Asset retirement obligations	411	—	—	—	—	411
Regulatory liabilities	404	—	—	5	—	409
Other	1,360	99	53	551	(19)	2,044
<b>Total current liabilities</b>	<b>9,831</b>	<b>843</b>	<b>215</b>	<b>4,867</b>	<b>(4,205)</b>	<b>11,551</b>
<b>Long-Term Debt</b>	<b>28,396</b>	<b>2,445</b>	<b>1,096</b>	<b>13,640</b>	<b>(1)</b>	<b>45,576</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>618</b>	<b>7</b>	<b>9</b>	<b>1,859</b>	<b>(2,493)</b>	<b>—</b>
<b>Deferred Credits and Other Liabilities</b>						
Deferred income taxes	15,484	1,411	385	(3,124)	(1)	14,155
Investment tax credits	490	3	—	—	—	493
Accrued pension and other post-retirement benefit costs	718	31	—	362	—	1,111
Asset retirement obligations	10,071	42	85	1	1	10,200
Regulatory liabilities	6,111	733	—	37	—	6,881
Other	875	282	273	343	—	1,753
<b>Total deferred credits and other liabilities</b>	<b>33,749</b>	<b>2,482</b>	<b>743</b>	<b>(2,381)</b>	<b>—</b>	<b>34,593</b>
<b>Equity</b>						
Total Duke Energy Corporation stockholders' equity	42,895	4,987	3,072	42,792	(52,713)	41,033
Noncontrolling interests	—	—	20	(11)	(1)	8
<b>Total equity</b>	<b>42,895</b>	<b>4,987</b>	<b>3,092</b>	<b>42,781</b>	<b>(52,714)</b>	<b>41,041</b>
<b>Total Liabilities and Equity</b>	<b>115,489</b>	<b>10,764</b>	<b>5,155</b>	<b>60,766</b>	<b>(59,413)</b>	<b>132,761</b>
Segment reclassifications, intercompany balances and other	(496)	(4)	(778)	(58,323)	59,601	—
<b>Segment Liabilities and Equity</b>	<b>\$ 114,993</b>	<b>\$ 10,760</b>	<b>\$ 4,377</b>	<b>\$ 2,443</b>	<b>\$ 188</b>	<b>\$ 132,761</b>

DUKE ENERGY CORPORATION  
Consolidating Balance Sheets - Assets  
(Unaudited)

(in millions)	December 31, 2015 <sup>(a)</sup>					
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations / Adjustments	Duke Energy
<b>Current Assets</b>						
Cash and cash equivalents	\$ 67	\$ —	\$ 18	\$ 298	\$ —	\$ 383
Receivables, net	459	(6)	5	56	1	515
Receivables of variable interest entities, net	1,708	—	19	20	1	1,748
Receivables from affiliated companies	101	8	250	4,230	(4,589)	—
Notes receivable from affiliated companies	112	—	—	1,131	(1,243)	—
Inventory	3,689	14	18	25	—	3,746
Assets held for sale	—	—	—	746	—	746
Regulatory assets	788	7	—	82	—	877
Other	352	31	117	(191)	(2)	307
<b>Total current assets</b>	<b>7,276</b>	<b>54</b>	<b>427</b>	<b>6,397</b>	<b>(5,832)</b>	<b>8,322</b>
<b>Investments and Other Assets</b>						
Investments in equity method unconsolidated affiliates	57	113	265	64	—	499
Investments and advances to subsidiaries	47	—	11	46,925	(48,983)	—
Nuclear decommissioning trust funds	5,825	—	—	—	—	5,825
Goodwill	15,656	294	122	—	—	16,072
Assets held for sale	—	—	—	2,413	—	2,413
Other	1,961	9	149	1,204	(493)	2,830
<b>Total investments and other assets</b>	<b>23,546</b>	<b>416</b>	<b>547</b>	<b>50,606</b>	<b>(47,476)</b>	<b>27,639</b>
<b>Property, Plant and Equipment</b>						
Cost	102,104	2,584	3,587	1,692	—	109,967
Accumulated depreciation and amortization	(34,723)	(651)	(439)	(923)	—	(36,736)
Generation facilities to be retired, net	548	—	—	—	—	548
<b>Net property, plant and equipment</b>	<b>67,929</b>	<b>1,933</b>	<b>3,148</b>	<b>769</b>	<b>—</b>	<b>73,779</b>
<b>Regulatory Assets and Deferred Debits</b>						
Regulatory assets	10,639	195	—	539	—	11,373
Other	13	—	—	30	—	43
<b>Total regulatory assets and deferred debits</b>	<b>10,652</b>	<b>195</b>	<b>—</b>	<b>569</b>	<b>—</b>	<b>11,416</b>
<b>Total Assets</b>	<b>109,403</b>	<b>2,598</b>	<b>4,122</b>	<b>58,341</b>	<b>(53,308)</b>	<b>121,156</b>
Segment reclassifications, intercompany balances and other	(306)	39	(261)	(52,968)	53,496	—
<b>Segment Assets</b>	<b>\$ 109,097</b>	<b>\$ 2,637</b>	<b>\$ 3,861</b>	<b>\$ 5,373</b>	<b>\$ 188</b>	<b>\$ 121,156</b>

(a) Amounts have been recast to conform to the current segment structure.

DUKE ENERGY CORPORATION  
Consolidating Balance Sheets - Liabilities and Equity  
(Unaudited)

(In millions)	December 31, 2015 <sup>(a)</sup>					
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations / Adjustments	Duke Energy
<b>Current Liabilities</b>						
Accounts payable	\$ 1,827	\$ 41	\$ 106	\$ 376	\$ —	\$ 2,350
Accounts payable to affiliated companies	3,279	66	124	1,010	(4,479)	—
Notes payable to affiliated companies	971	30	—	103	(1,104)	—
Notes payable and commercial paper	—	—	—	3,633	—	3,633
Taxes accrued	422	(4)	(240)	110	1	289
Interest accrued	302	5	1	105	(1)	412
Current maturities of long-term debt	1,073	28	108	817	—	2,026
Liabilities associated with assets held for sale	—	—	—	279	—	279
Regulatory liabilities	396	3	—	—	1	400
Other	1,548	6	37	521	(101)	2,011
<b>Total current liabilities</b>	<b>9,818</b>	<b>175</b>	<b>136</b>	<b>6,954</b>	<b>(5,683)</b>	<b>11,400</b>
<b>Long-Term Debt</b>	<b>24,670</b>	<b>481</b>	<b>968</b>	<b>10,722</b>	<b>1</b>	<b>36,842</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>618</b>	<b>7</b>	<b>17</b>	<b>—</b>	<b>(642)</b>	<b>—</b>
<b>Deferred Credits and Other Liabilities</b>						
Deferred income taxes	14,305	463	347	(2,568)	1	12,548
Investment tax credits	470	3	—	—	(1)	472
Accrued pension and other post-retirement benefit costs	670	19	—	400	(1)	1,088
Liabilities associated with assets held for sale	—	—	—	900	—	900
Asset retirement obligations	10,180	25	63	1	—	10,249
Regulatory liabilities	6,083	105	—	66	1	6,255
Other	970	63	255	344	(1)	1,631
<b>Total deferred credits and other liabilities</b>	<b>32,658</b>	<b>678</b>	<b>665</b>	<b>(857)</b>	<b>(1)</b>	<b>33,143</b>
<b>Equity</b>						
Total Duke Energy Corporation stockholders' equity	41,639	1,257	2,314	41,500	(46,983)	39,727
Noncontrolling interests	—	—	22	22	—	44
<b>Total equity</b>	<b>41,639</b>	<b>1,257</b>	<b>2,336</b>	<b>41,522</b>	<b>(46,983)</b>	<b>39,771</b>
<b>Total Liabilities and Equity</b>	<b>109,403</b>	<b>2,598</b>	<b>4,122</b>	<b>58,341</b>	<b>(53,308)</b>	<b>121,156</b>
Segment reclassifications, intercompany balances and other	(306)	39	(261)	(52,968)	53,496	—
<b>Segment Liabilities and Equity</b>	<b>\$ 109,097</b>	<b>\$ 2,637</b>	<b>\$ 3,861</b>	<b>\$ 5,373</b>	<b>\$ 188</b>	<b>\$ 121,156</b>

(a) Amounts have been recast to conform to the current segment structure.

ELECTRIC UTILITIES AND INFRASTRUCTURE  
Consolidating Segment Income  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2016							
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments	Electric Utilities and Infrastructure
<b>Operating Revenues</b>	7,322	5,277	4,568	1,410	2,958	—	(169)	21,366
<b>Operating Expenses</b>								
Fuel used in electric generation and purchased power	1,797	1,830	1,814	442	909	—	(197)	6,595
Operation, maintenance and other	1,969	1,423	831	358	704	3	5	5,293
Depreciation and amortization	1,049	694	506	151	493	1	3	2,897
Property and other taxes	276	156	333	199	58	—	(2)	1,020
Impairment charges	1	1	6	—	8	—	—	16
Total operating expenses	5,092	4,104	3,490	1,150	2,172	4	(191)	15,821
<b>(Loss) Gains on Sales of Other Assets and Other, net</b>	(5)	3	1	2	1	—	(2)	—
<b>Operating Income (Loss)</b>	2,225	1,176	1,079	262	787	(4)	20	5,545
<b>Other Income and Expenses, net<sup>(b)</sup></b>	162	71	44	5	22	6	(7)	303
<b>Interest Expense</b>	424	257	212	58	181	—	4	1,136
<b>Income Before Income Taxes</b>	1,963	990	911	209	628	2	9	4,712
<b>Income Tax Expense</b>	693	335	337	55	234	1	17	1,672
<b>Segment Income</b>	\$ 1,270	\$ 655	\$ 574	\$ 154	\$ 394	\$ 1	\$ (8)	\$ 3,040

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes an equity component of allowance for funds used during construction of \$102 million for Duke Energy Carolinas, \$50 million for Duke Energy Progress, \$26 million for Duke Energy Florida, \$5 million for Duke Energy Ohio, and \$16 million for Duke Energy Indiana.



ELECTRIC UTILITIES AND INFRASTRUCTURE  
Consolidating Segment Income  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2015 <sup>(a)</sup>							
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(b)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations / Adjustments	Electric Utilities and Infrastructure
<b>Operating Revenues</b>	7,229	5,290	4,977	1,331	2,890	—	(196)	21,521
<b>Operating Expenses</b>								
Fuel used in electric generation and purchased power	1,881	2,029	2,195	446	982	—	(225)	7,308
Operation, maintenance and other	1,923	1,402	810	323	666	3	11	5,138
Depreciation and amortization	1,044	643	473	147	434	—	(6)	2,735
Property and other taxes	269	140	352	190	61	—	1	1,013
Impairment charges <sup>(c)</sup>	1	5	7	—	88	—	—	101
Total operating expenses	5,118	4,219	3,837	1,106	2,231	3	(219)	16,295
<b>(Loss) Gains on Sales of Other Assets and Other, net</b>	(1)	3	—	2	1	—	—	5
<b>Operating Income (Loss)</b>	2,110	1,074	1,140	227	660	(3)	23	5,231
<b>Other Income and Expenses, net<sup>(d)</sup></b>	160	71	24	3	11	2	(7)	264
<b>Interest Expense</b>	412	235	198	53	176	—	—	1,074
<b>Income Before Income Taxes</b>	1,858	910	966	177	495	(1)	16	4,421
<b>Income Tax Expense</b>	682	312	351	59	169	—	29	1,602
<b>Segment Income (Loss)</b>	\$ 1,176	\$ 598	\$ 615	\$ 118	\$ 326	\$ (1)	\$ (13)	\$ 2,819
<b>Special Items</b>	12	5	1	1	60	—	—	79
<b>Adjusted Earnings (Loss) <sup>(e)</sup></b>	\$ 1,188	\$ 603	\$ 616	\$ 119	\$ 386	\$ (1)	\$ (13)	\$ 2,898

- (a) Amounts have been recast to conform to the current segment structure.  
(b) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.  
(c) The amount for Duke Energy Indiana relates to the Edwardsport settlement.  
(d) Includes an equity component of allowance for funds used during construction of \$96 million for Duke Energy Carolinas, \$47 million for Duke Energy Progress, \$7 million for Duke Energy Florida, \$2 million for Duke Energy Ohio, and \$11 million for Duke Energy Indiana.  
(e) See page 23 for a detailed reconciliation of Electric Utilities and Infrastructure Segment Income to Adjusted Earnings.

ELECTRIC UTILITIES AND INFRASTRUCTURE  
Consolidating Balance Sheets - Assets  
(Unaudited)

(in millions)	December 31, 2016								
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure	
<b>Current Assets</b>									
Cash and cash equivalents	\$ 14	\$ 11	\$ 16	\$ 13	\$ 17	\$ —	\$ 1	\$ 72	
Receivables, net	160	51	61	72	105	—	2	451	
Receivables of variable interest entities, net	645	404	288	—	—	—	534	1,871	
Receivables from affiliated companies	163	5	5	72	111	2	(333)	25	
Notes receivable from affiliated companies	66	165	—	58	86	—	(196)	179	
Inventory	1,055	1,076	641	96	504	—	—	3,372	
Regulatory assets	238	188	213	9	149	—	9	806	
Other	36	57	125	21	45	—	(1)	283	
<b>Total current assets</b>	<b>2,377</b>	<b>1,957</b>	<b>1,349</b>	<b>341</b>	<b>1,017</b>	<b>2</b>	<b>16</b>	<b>7,059</b>	
<b>Investments and Other Assets</b>									
Investments in equity method unconsolidated affiliates	—	—	1	—	—	92	—	93	
Investments and advances to (from) subsidiaries	52	12	6	161	—	—	3	234	
Nuclear decommissioning trust funds	3,273	2,217	715	—	—	—	—	8,205	
Goodwill	—	—	—	596	—	—	16,783	17,379	
Other	940	523	276	15	142	—	11	1,907	
<b>Total investments and other assets</b>	<b>4,265</b>	<b>2,752</b>	<b>998</b>	<b>772</b>	<b>142</b>	<b>92</b>	<b>18,797</b>	<b>25,818</b>	
<b>Property, Plant and Equipment</b>									
Cost	41,127	28,419	16,434	5,377	14,241	4	669	106,271	
Accumulated depreciation and amortization	(14,365)	(10,561)	(4,644)	(1,892)	(4,317)	(1)	(8)	(35,788)	
Generation facilities to be retired, net	—	529	—	—	—	—	—	529	
<b>Net property, plant and equipment</b>	<b>28,762</b>	<b>18,387</b>	<b>11,790</b>	<b>3,485</b>	<b>9,924</b>	<b>3</b>	<b>661</b>	<b>71,012</b>	
<b>Regulatory Assets and Deferred Debits</b>									
Regulatory assets	3,159	3,243	2,480	348	1,074	—	1,286	11,590	
Other	3	2	2	1	1	—	1	10	
<b>Total regulatory assets and deferred debits</b>	<b>3,162</b>	<b>3,245</b>	<b>2,482</b>	<b>349</b>	<b>1,075</b>	<b>—</b>	<b>1,287</b>	<b>11,600</b>	
<b>Total Assets</b>	<b>36,566</b>	<b>26,341</b>	<b>16,619</b>	<b>4,947</b>	<b>12,158</b>	<b>97</b>	<b>18,761</b>	<b>115,489</b>	
Intercompany balances and other	(298)	(188)	(132)	(178)	(53)	(54)	407	(496)	
<b>Reportable Segment Assets</b>	<b>\$ 36,268</b>	<b>\$ 26,153</b>	<b>\$ 16,487</b>	<b>\$ 4,769</b>	<b>\$ 12,105</b>	<b>\$ 43</b>	<b>\$ 19,168</b>	<b>\$ 114,993</b>	

(a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

ELECTRIC UTILITIES AND INFRASTRUCTURE  
Consolidating Balance Sheets - Liabilities and Equity  
(Unaudited)

(in millions)	December 31, 2016							
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure
<b>Current Liabilities</b>								
Accounts payable	\$ 833	\$ 589	\$ 413	\$ 200	\$ 262	\$ —	\$ 4	\$ 2,301
Accounts payable to affiliated companies	247	227	125	13	7	54	2,754	3,427
Notes payable to affiliated companies	—	—	297	18	—	—	(172)	143
Taxes accrued	150	107	37	139	32	1	5	471
Interest accrued	102	102	49	14	61	—	—	328
Current maturities of long-term debt	116	452	326	1	3	—	88	986
Asset retirement obligations	222	189	—	—	—	—	—	411
Regulatory liabilities	161	158	31	15	40	—	(1)	404
Other	467	366	353	82	94	—	(2)	1,360
<b>Total current liabilities</b>	<b>2,298</b>	<b>2,190</b>	<b>1,631</b>	<b>482</b>	<b>499</b>	<b>55</b>	<b>2,676</b>	<b>9,831</b>
<b>Long-Term Debt</b>	<b>9,187</b>	<b>6,409</b>	<b>5,799</b>	<b>1,397</b>	<b>3,633</b>	<b>—</b>	<b>1,971</b>	<b>28,396</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>300</b>	<b>150</b>	<b>—</b>	<b>18</b>	<b>150</b>	<b>—</b>	<b>—</b>	<b>618</b>
<b>Deferred Credits and Other Liabilities</b>								
Deferred income taxes	6,588	3,331	2,695	954	1,902	4	10	15,484
Investment tax credits	203	146	3	1	137	—	—	490
Accrued pension and other post-retirement benefit costs	97	252	262	36	71	—	—	718
Asset retirement obligations	3,673	4,508	778	48	866	—	198	10,071
Regulatory liabilities	2,840	1,946	448	129	748	—	—	6,111
Other	608	51	103	95	27	—	(9)	875
<b>Total deferred credits and other liabilities</b>	<b>14,009</b>	<b>10,234</b>	<b>4,289</b>	<b>1,263</b>	<b>3,751</b>	<b>4</b>	<b>199</b>	<b>33,749</b>
<b>Equity</b>	<b>10,772</b>	<b>7,358</b>	<b>4,900</b>	<b>1,787</b>	<b>4,125</b>	<b>38</b>	<b>13,915</b>	<b>42,895</b>
<b>Total Liabilities and Equity</b>	<b>36,566</b>	<b>26,341</b>	<b>16,619</b>	<b>4,947</b>	<b>12,158</b>	<b>97</b>	<b>18,761</b>	<b>115,489</b>
Intercompany balances and other	(298)	(188)	(132)	(178)	(53)	(54)	407	(496)
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 36,268</b>	<b>\$ 26,153</b>	<b>\$ 16,487</b>	<b>\$ 4,769</b>	<b>\$ 12,105</b>	<b>\$ 43</b>	<b>\$ 19,168</b>	<b>\$ 114,993</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

ELECTRIC UTILITIES AND INFRASTRUCTURE  
Consolidating Balance Sheets - Assets  
(Unaudited)

(in millions)	December 31, 2015 <sup>(a)</sup>							
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(b)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments <sup>(c)</sup>	Electric Utilities and Infrastructure
<b>Current Assets</b>								
Cash and cash equivalents	\$ 13	\$ 15	\$ 8	\$ 21	\$ 9	\$ —	\$ 1	\$ 67
Receivables, net	142	87	60	70	96	—	4	459
Receivables of variable interest entities, net	596	349	308	—	—	—	455	1,708
Receivables from affiliated companies	113	16	85	22	29	3	(167)	101
Notes receivable from affiliated companies	163	—	—	—	83	—	(134)	112
Inventory	1,276	1,088	663	92	570	—	—	3,689
Regulatory assets	305	264	98	19	102	—	—	788
Other	95	113	39	69	15	—	22	352
<b>Total current assets</b>	<b>2,703</b>	<b>1,932</b>	<b>1,261</b>	<b>293</b>	<b>904</b>	<b>3</b>	<b>181</b>	<b>7,276</b>
<b>Investments and Other Assets</b>								
Investments in equity method unconsolidated affiliates	—	—	2	—	—	55	—	57
Investments and advances (from) to subsidiaries	(48)	2	(3)	100	—	—	(4)	47
Nuclear decommissioning trust funds	3,050	2,035	740	—	—	—	—	5,825
Goodwill	—	—	—	596	—	—	14,736	15,656
Other	999	485	289	23	209	—	(44)	1,961
<b>Total investments and other assets</b>	<b>4,001</b>	<b>2,522</b>	<b>1,028</b>	<b>719</b>	<b>209</b>	<b>55</b>	<b>14,688</b>	<b>23,546</b>
<b>Property, Plant and Equipment</b>								
Cost	39,398	27,313	15,343	5,165	14,007	4	874	102,104
Accumulated depreciation and amortization	(13,521)	(10,141)	(4,720)	(1,856)	(4,484)	—	(1)	(34,723)
Generation facilities to be retired, net	—	548	—	—	—	—	—	548
<b>Net property, plant and equipment</b>	<b>25,877</b>	<b>17,720</b>	<b>10,623</b>	<b>3,309</b>	<b>9,523</b>	<b>4</b>	<b>873</b>	<b>67,929</b>
<b>Regulatory Assets and Deferred Debits</b>								
Regulatory assets	2,766	2,667	2,725	311	716	—	1,453	10,639
Other	4	3	2	2	2	—	—	13
<b>Total regulatory assets and deferred debits</b>	<b>2,770</b>	<b>2,670</b>	<b>2,727</b>	<b>313</b>	<b>718</b>	<b>—</b>	<b>1,453</b>	<b>10,652</b>
<b>Total Assets</b>	<b>35,351</b>	<b>24,844</b>	<b>15,639</b>	<b>4,634</b>	<b>11,354</b>	<b>62</b>	<b>17,195</b>	<b>109,403</b>
Intercompany balances and other	(94)	(140)	(105)	(107)	(42)	(50)	232	(306)
<b>Reportable Segment Assets</b>	<b>\$ 35,257</b>	<b>\$ 24,704</b>	<b>\$ 15,534</b>	<b>\$ 4,527</b>	<b>\$ 11,312</b>	<b>\$ 12</b>	<b>\$ 17,427</b>	<b>\$ 109,097</b>

- (a) Amounts have been recast to conform to current segment structure.  
(b) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(c) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

**ELECTRIC UTILITIES AND INFRASTRUCTURE**  
**Consolidating Balance Sheets - Liabilities and Equity**  
**(Unaudited)**

(in millions)	December 31, 2015 <sup>(a)</sup>							
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(b)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments <sup>(c)</sup>	Electric Utilities and Infrastructure
<b>Current Liabilities</b>								
Accounts payable	\$ 753	\$ 399	\$ 322	\$ 161	\$ 189	\$ —	\$ 4	\$ 1,827
Accounts payable to affiliated companies	137	162	106	23	35	51	2,765	3,279
Notes payable to affiliated companies	—	209	813	73	—	—	(123)	971
Taxes accrued	25	15	139	151	92	—	(1)	422
Interest accrued	95	96	43	13	56	—	(1)	302
Current maturities of long-term debt	356	2	13	78	547	—	77	1,073
Regulatory liabilities	39	85	200	9	62	—	1	396
Other	519	412	452	67	97	—	—	1,548
<b>Total current liabilities</b>	<b>1,924</b>	<b>1,380</b>	<b>2,088</b>	<b>575</b>	<b>1,078</b>	<b>51</b>	<b>2,722</b>	<b>9,818</b>
<b>Long-Term Debt</b>	<b>7,711</b>	<b>6,366</b>	<b>4,253</b>	<b>986</b>	<b>3,071</b>	<b>—</b>	<b>2,284</b>	<b>24,670</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>300</b>	<b>150</b>	<b>—</b>	<b>18</b>	<b>150</b>	<b>—</b>	<b>—</b>	<b>618</b>
<b>Deferred Credits and Other Liabilities</b>								
Deferred income taxes	6,163	3,005	2,478	960	1,657	2	40	14,305
Investment tax credits	199	132	—	1	138	—	—	470
Accrued pension and other post-retirement benefit costs	107	262	242	35	80	—	(56)	670
Asset retirement obligations	3,918	4,567	802	99	525	—	249	10,160
Regulatory liabilities	2,802	1,878	509	140	754	—	—	6,083
Other	621	45	146	100	65	—	(7)	970
<b>Total deferred credits and other liabilities</b>	<b>13,810</b>	<b>9,889</b>	<b>4,177</b>	<b>1,335</b>	<b>3,219</b>	<b>2</b>	<b>226</b>	<b>32,658</b>
<b>Equity</b>	<b>11,606</b>	<b>7,059</b>	<b>5,121</b>	<b>1,720</b>	<b>3,836</b>	<b>9</b>	<b>11,963</b>	<b>41,639</b>
<b>Total Liabilities and Equity</b>	<b>35,351</b>	<b>24,844</b>	<b>15,639</b>	<b>4,634</b>	<b>11,354</b>	<b>62</b>	<b>17,195</b>	<b>109,403</b>
Intercompany balances and other	(94)	(140)	(105)	(107)	(42)	(50)	232	(306)
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 35,257</b>	<b>\$ 24,704</b>	<b>\$ 15,534</b>	<b>\$ 4,527</b>	<b>\$ 11,312</b>	<b>\$ 12</b>	<b>\$ 17,427</b>	<b>\$ 109,097</b>

- (a) Amounts have been recast to conform to the current segment structure.  
(b) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(c) Includes the elimination of intercompany balances and purchase accounting adjustments.

GAS UTILITIES AND INFRASTRUCTURE  
Consolidating Segment Income  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2016				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC <sup>(b)</sup>	Mid-Stream Pipelines and Storage <sup>(b)(c)</sup>	Eliminations/ Adjustments	Gas Utilities and Infrastructure
<b>Operating Revenues</b>	503	398	—	—	901
<b>Operating Expenses</b>					
Cost of natural gas	103	181	—	1	265
Operation, maintenance and other	116	70	2	(2)	186
Depreciation and amortization	80	35	—	—	115
Property and other taxes	59	11	—	—	70
Total operating expenses	358	277	2	(1)	636
<b>Gains on Sales of Other Assets and Other, net</b>	—	—	—	(1)	(1)
<b>Operating Income (Loss)</b>	145	121	(2)	—	264
<b>Other Income and Expenses</b>					
Equity in earnings of unconsolidated affiliates	—	—	19	—	19
Other income and expenses, net	3	1	2	(1)	5
<b>Total Other Income and Expenses</b>	3	1	21	(1)	24
<b>Interest Expense</b>	27	20	—	(1)	46
<b>Income Before Income Taxes</b>	121	102	19	—	242
<b>Income Tax Expense</b>	44	37	7	2	90
<b>Segment Income</b>	\$ 77	\$ 65	\$ 12	\$ (2)	\$ 152

- (a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes Piedmont's results subsequent to the acquisition on October 3, 2016.  
(c) Includes earnings from investments in ACP, Sabal Trail, Constitution and Cardinal pipelines, as well as Hardy and Pine Needle storage facilities.

GAS UTILITIES AND INFRASTRUCTURE  
Consolidating Segment Income  
(Unaudited)

(In millions)	Twelve Months Ended December 31, 2015			
	Duke Energy Ohio <sup>(a)</sup>	Mid-Stream Pipelines	Eliminations/ Adjustments	Gas Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 541	\$ —	\$ —	\$ 541
<b>Operating Expenses</b>				
Cost of natural gas	141	—	—	141
Operation, maintenance and other	125	1	—	126
Depreciation and amortization	79	—	—	79
Property and other taxes	62	—	—	62
Total operating expenses	407	1	—	408
<b>Gains on Sales of Other Assets and Other, net</b>	7	—	(1)	6
<b>Operating Income (Loss)</b>	141	(1)	(1)	139
<b>Other Income and Expenses</b>	2	—	1	3
<b>Interest Expense</b>	25	—	—	25
<b>Income (Loss) Before Income Taxes</b>	118	(1)	—	117
<b>Income Tax Expense</b>	45	—	(1)	44
<b>Segment Income (Loss)</b>	\$ 73	\$ (1)	\$ 1	\$ 73

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

**GAS UTILITIES AND INFRASTRUCTURE**  
**Consolidating Balance Sheets - Assets**  
**(Unaudited)**

(In millions)	December 31, 2016				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Mid-Stream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Assets</b>					
Cash and cash equivalents	\$ —	\$ 25	\$ —	\$ —	\$ 25
Receivables, net	(4)	232	—	—	228
Receivables from affiliated companies	21	7	—	3	31
Notes receivable from affiliated companies	38	—	—	—	38
Inventory	41	66	—	1	108
Regulatory assets	6	117	—	1	124
Other	12	21	—	(2)	31
<b>Total current assets</b>	<b>114</b>	<b>468</b>	<b>—</b>	<b>3</b>	<b>585</b>
<b>Investments and Other Assets</b>					
Investments in equity method unconsolidated affiliates	—	—	566	—	566
Investments and advances from subsidiaries	—	—	—	(7)	(7)
Goodwill	324	49	—	1,551	1,924
Other	2	19	12	1	34
<b>Total investments and other assets</b>	<b>326</b>	<b>68</b>	<b>578</b>	<b>1,545</b>	<b>2,517</b>
<b>Property, Plant and Equipment</b>					
Cost	2,748	6,174	—	—	8,922
Accumulated depreciation and amortization	(687)	(1,360)	—	—	(2,047)
<b>Net property, plant and equipment</b>	<b>2,061</b>	<b>4,814</b>	<b>—</b>	<b>—</b>	<b>6,875</b>
<b>Regulatory Assets and Deferred Debits</b>					
Regulatory assets	196	379	—	210	785
Other	—	2	—	—	2
<b>Total regulatory assets and deferred debits</b>	<b>196</b>	<b>381</b>	<b>—</b>	<b>210</b>	<b>787</b>
<b>Total Assets</b>	<b>2,697</b>	<b>5,731</b>	<b>578</b>	<b>1,758</b>	<b>10,764</b>
Intercompany balances and other	(1)	91	—	(94)	(4)
<b>Reportable Segment Assets</b>	<b>\$ 2,696</b>	<b>\$ 5,822</b>	<b>\$ 578</b>	<b>\$ 1,664</b>	<b>\$ 10,760</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.



**GAS UTILITIES AND INFRASTRUCTURE**  
**Consolidating Balance Sheets - Liabilities and Equity**  
**(Unaudited)**

(In millions)	December 31, 2016				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Mid-Stream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Liabilities</b>					
Accounts payable	\$ 78	\$ 155	\$ —	\$ —	\$ 233
Accounts payable to affiliated companies	4	4	25	(28)	5
Notes payable to affiliated companies	1	—	—	—	1
Notes payable and commercial paper	—	330	—	—	330
Taxes accrued	27	(14)	89	—	102
Interest accrued	5	33	—	—	38
Current maturities of long-term debt	—	35	—	—	35
Regulatory liabilities	6	(6)	—	—	—
Other	3	96	—	—	99
<b>Total current liabilities</b>	<b>124</b>	<b>633</b>	<b>114</b>	<b>(28)</b>	<b>843</b>
<b>Long-Term Debt</b>	<b>462</b>	<b>1,786</b>	<b>—</b>	<b>197</b>	<b>2,445</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7</b>
<b>Deferred Credits and Other Liabilities</b>					
Deferred income taxes	480	904	28	(1)	1,411
Investment tax credits	2	1	—	—	3
Accrued pension and other post-retirement benefit costs	17	14	—	—	31
Asset retirement obligations	28	14	—	—	42
Regulatory liabilities	108	608	—	17	733
Other	68	194	—	—	262
<b>Total deferred credits and other liabilities</b>	<b>703</b>	<b>1,735</b>	<b>28</b>	<b>16</b>	<b>2,482</b>
<b>Equity</b>	<b>1,401</b>	<b>1,577</b>	<b>436</b>	<b>1,573</b>	<b>4,987</b>
<b>Total Liabilities and Equity</b>	<b>2,697</b>	<b>5,731</b>	<b>578</b>	<b>1,758</b>	<b>10,764</b>
Intercompany balances and other	(1)	91	—	(94)	(4)
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 2,696</b>	<b>\$ 5,822</b>	<b>\$ 578</b>	<b>\$ 1,664</b>	<b>\$ 10,760</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

GAS UTILITIES AND INFRASTRUCTURE  
Consolidating Balance Sheets - Assets  
(Unaudited)

(in millions)	December 31, 2015			
	Duke Energy Ohio <sup>(a)</sup>	Mid-Stream Pipelines	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Assets</b>				
Receivables, net	\$ (6)	\$ —	\$ —	\$ (6)
Receivables from affiliated companies	16	—	(8)	8
Inventory	14	—	—	14
Regulatory assets	7	—	—	7
Other	31	—	—	31
<b>Total current assets</b>	<b>62</b>	<b>—</b>	<b>(8)</b>	<b>54</b>
<b>Investments and Other Assets</b>				
Investments in equity method unconsolidated affiliates	—	113	—	113
Goodwill	324	—	(30)	294
Other	9	—	—	9
<b>Total investments and other assets</b>	<b>333</b>	<b>113</b>	<b>(30)</b>	<b>416</b>
<b>Property, Plant and Equipment</b>				
Cost	2,584	—	—	2,584
Accumulated depreciation and amortization	(651)	—	—	(651)
<b>Net property, plant and equipment</b>	<b>1,933</b>	<b>—</b>	<b>—</b>	<b>1,933</b>
<b>Regulatory Assets and Deferred Debits</b>				
<b>Regulatory assets</b>	<b>195</b>	<b>—</b>	<b>—</b>	<b>195</b>
<b>Total Assets</b>	<b>2,523</b>	<b>113</b>	<b>(38)</b>	<b>2,598</b>
Intercompany balances and other	(20)	—	59	39
<b>Reportable Segment Assets</b>	<b>\$ 2,503</b>	<b>\$ 113</b>	<b>\$ 21</b>	<b>\$ 2,637</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**GAS UTILITIES AND INFRASTRUCTURE**  
**Consolidating Balance Sheets - Liabilities and Equity**  
**(Unaudited)**

(In millions)	December 31, 2015			
	Duke Energy Ohio <sup>(a)</sup>	Mid-Stream Pipelines	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Liabilities</b>				
Accounts payable	\$ 41	\$ —	\$ —	\$ 41
Accounts payable to affiliated companies	13	61	(8)	66
Notes payable to affiliated companies	30	—	—	30
Taxes accrued	(4)	—	—	(4)
Interest accrued	5	—	—	5
Current maturities of long-term debt	28	—	—	28
Regulatory liabilities	3	—	—	3
Other	6	—	—	6
<b>Total current liabilities</b>	<b>122</b>	<b>61</b>	<b>(8)</b>	<b>175</b>
<b>Long-Term Debt</b>	<b>481</b>	<b>—</b>	<b>—</b>	<b>481</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>7</b>	<b>—</b>	<b>—</b>	<b>7</b>
<b>Deferred Credits and Other Liabilities</b>				
Deferred income taxes	464	—	(1)	463
Investment tax credits	3	—	—	3
Accrued pension and other post-retirement benefit costs	19	—	—	19
Asset retirement obligations	25	—	—	25
Regulatory liabilities	105	—	—	105
Other	62	—	1	63
<b>Total deferred credits and other liabilities</b>	<b>678</b>	<b>—</b>	<b>—</b>	<b>678</b>
<b>Equity</b>	<b>1,235</b>	<b>52</b>	<b>(30)</b>	<b>1,257</b>
<b>Total Liabilities and Equity</b>	<b>2,523</b>	<b>113</b>	<b>(38)</b>	<b>2,598</b>
Intercompany balances and other	(20)	—	59	39
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 2,503</b>	<b>\$ 113</b>	<b>\$ 21</b>	<b>\$ 2,637</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances.

**Revenues By Customer Class  
(Unaudited)**

(In millions)	Twelve Months Ended December 31, 2016							Eliminations / Adjustments	Total
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Piedmont Natural Gas <sup>(a)</sup>			
<b>Regulated Electric Revenues</b>									
Residential	\$ 2,933	\$ 1,897	\$ 2,473	\$ 755	\$ 983	\$ —	\$ —	\$ —	9,041
General service	2,299	1,323	1,373	442	741	—	—	—	6,178
Industrial	1,287	638	251	121	726	—	—	—	3,023
Wholesale	457	1,078	185	20	334	—	—	—	2,074
Change in unbilled	29	22	(11)	13	26	—	—	—	79
Other revenues	317	319	297	59	148	—	(169)	—	971
<b>Total Electric Revenues</b>	<b>\$ 7,322</b>	<b>\$ 5,277</b>	<b>\$ 4,568</b>	<b>\$ 1,410</b>	<b>\$ 2,958</b>	<b>\$ —</b>	<b>\$ (169)</b>	<b>\$ —</b>	<b>21,366</b>
<b>Regulated Natural Gas Revenues</b>									
Residential	\$ —	\$ —	\$ —	\$ 324	\$ —	\$ 154	\$ —	\$ —	478
Commercial	—	—	—	128	—	83	—	—	211
Industrial	—	—	—	18	—	31	—	—	49
Power Generation	—	—	—	—	—	21	—	—	21
Change in unbilled	—	—	—	14	—	74	—	—	88
Other revenues	—	—	—	19	—	35	—	—	54
<b>Total Natural Gas Revenues</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 503</b>	<b>\$ —</b>	<b>\$ 398</b>	<b>\$ —</b>	<b>\$ —</b>	<b>901</b>

(a) Includes Piedmont's results subsequent to the acquisition on October 3, 2016.

(In millions)	Twelve Months Ended December 31, 2015							Eliminations / Adjustments	Total
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana				
<b>Regulated Electric Revenues</b>									
Residential	\$ 2,991	\$ 1,943	\$ 2,651	\$ 715	\$ 991	\$ —	\$ —	\$ —	9,291
General service	2,276	1,339	1,546	433	734	—	—	—	6,328
Industrial	1,319	664	294	115	734	—	—	—	3,126
Wholesale	415	1,005	234	37	312	—	—	—	2,003
Change in unbilled	(15)	(15)	(12)	—	(15)	—	—	—	(57)
Other revenues	243	354	264	31	134	—	(196)	—	830
<b>Total Electric Revenues</b>	<b>\$ 7,229</b>	<b>\$ 5,290</b>	<b>\$ 4,977</b>	<b>\$ 1,331</b>	<b>\$ 2,890</b>	<b>\$ —</b>	<b>\$ (196)</b>	<b>\$ —</b>	<b>21,521</b>
<b>Regulated Natural Gas Revenues</b>									
Residential	\$ —	\$ —	\$ —	\$ 362	\$ —	\$ —	\$ —	\$ —	362
Commercial	—	—	—	148	—	—	—	—	148
Industrial	—	—	—	21	—	—	—	—	21
Change in unbilled	—	—	—	(5)	—	—	—	—	(5)
Other revenues	—	—	—	15	—	—	—	—	15
<b>Total Natural Gas Revenues</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 541</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>541</b>

DUKE ENERGY CORPORATION  
REPORTED TO ADJUSTED EARNINGS RECONCILIATION  
Twelve Months Ended December 31, 2016  
(Dollars in millions, except per share amounts)

	Reported Earnings	Special Items				Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	Commercial Renewables Impairment	International Energy Operations			
<b>SEGMENT INCOME</b>								
Electric Utilities and Infrastructure	\$ 3,040	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,040
Gas Utilities and Infrastructure	152	—	—	—	—	—	—	152
Commercial Renewables	23	—	—	45 C	—	—	45	68
<b>Total Reportable Segment Income</b>	<b>3,215</b>	<b>—</b>	<b>—</b>	<b>45</b>	<b>—</b>	<b>—</b>	<b>45</b>	<b>3,280</b>
International Energy	—	—	—	—	243 D	—	243	243
Other	(645)	329 A	57 B	—	—	—	386	(259)
Intercompany Eliminations	1	—	—	—	—	(1)	(1)	—
Discontinued Operations	(419)	—	—	—	(243) D	662 E	419	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,152</b>	<b>\$ 329</b>	<b>\$ 57</b>	<b>\$ 45</b>	<b>\$ —</b>	<b>\$ 661</b>	<b>\$ 1,092</b>	<b>\$ 3,244</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 3.11</b>	<b>\$ 0.48</b>	<b>\$ 0.08</b>	<b>\$ 0.07</b>	<b>\$ —</b>	<b>\$ 0.95</b>	<b>\$ 1.58</b>	<b>\$ 4.69</b>

A - Net of \$194 million tax benefit. Includes \$11 million recorded within Operating Revenues, \$278 million recorded within Operating Expenses and \$234 million recorded within Interest Expense on the Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

B - Net of \$35 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

C - Net of \$26 million tax benefit. Other-than-temporary impairment included within Equity in earnings (losses) of unconsolidated affiliates on the Consolidated Statements of Operations.

D - Net of \$27 million tax expense. Operating results of the International Disposal Group, which exclude the loss and impairment described below and other miscellaneous transaction-related costs, recorded within (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

E - Recorded within (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes a loss on the sale of the International Disposal Group, an impairment charge related to certain assets in Central America, and a tax benefit related to previously sold businesses.

Weighted Average Shares, Diluted (reported and adjusted) - 691 million

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Twelve Months Ended December 31, 2015  
(Dollars in millions, except per share amounts)

	Special Items									
	Reported Earnings	Costs to Achieve Mergers	Edwardsport Settlement	Midwest Generation Operations	Ash Basin Settlement and Penalties	Cost Savings Initiatives	International Energy Operations	Discontinued Operations	Total Adjustments	Adjusted Earnings
<b>SEGMENT INCOME</b>										
Electric Utilities and Infrastructure	\$ 2,819	\$ —	\$ 58 B	\$ —	\$ 11 D	\$ 10 E	\$ —	\$ —	\$ 79	\$ 2,898
Gas Utilities and Infrastructure	73	—	—	—	—	—	—	—	—	73
Commercial Renewables	52	—	—	—	—	1 F	—	—	1	53
Total Reportable Segment Income	2,944	—	58	—	11	11	—	—	80	3,024
International Energy	—	—	—	—	—	—	151 H	—	151	151
Other	(299)	60 A	—	98 C	—	77 G	—	41 I	276	(23)
Discontinued Operations	171	—	—	(98) C	—	—	(151) H	78 J	(171)	—
Net Income Attributable to Duke Energy Corporation	\$ 2,816	\$ 60	\$ 58	\$ —	\$ 11	\$ 88	\$ —	\$ 119	\$ 336	\$ 3,152
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	\$ 4.05	\$ 0.09	\$ 0.08	\$ —	\$ 0.02	\$ 0.13	\$ —	\$ 0.17	\$ 0.49	\$ 4.54

- A - Net of \$37 million tax benefit. \$95 million recorded within Operating Expenses and \$2 million recorded within Interest Expense on the Consolidated Statements of Operations.
- B - Net of \$35 million tax benefit. \$88 million recorded within Impairment charges and \$5 million recorded within Other income and expenses, net on the Duke Energy Indiana Consolidated Statements of Operations.
- C - Net of \$53 million tax expense. Operating results of the nonregulated Midwest generation business classified as discontinued operations, which exclude special items and economic hedges.
- D - Net of \$3 million tax benefit. Recorded within Operation, maintenance and other on the Consolidated Statements of Operations. Includes \$8 million and \$6 million at Duke Energy Carolinas and Duke Energy Progress, respectively.
- E - Net of \$6 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations. Includes \$7 million at Duke Energy Carolinas, \$4 million at Duke Energy Progress, \$2 million at Duke Energy Florida, \$1 million at Duke Energy Ohio and \$2 million at Duke Energy Indiana.
- F - Net of \$1 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.
- G - Net of \$47 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.
- H - Net of \$70 million tax expense. Operating results of the International Disposal Group classified as discontinued operations.
- I - State tax expense resulting from the completion of the sale of the nonregulated Midwest generation business.
- J - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations, and includes the impact of a litigation reserve related to the nonregulated Midwest generation business.

Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 694 million

**DUKE ENERGY CORPORATION**  
**Non-GAAP Financial Measures**

Management evaluates financial performance in part based on non-GAAP financial measures, adjusted earnings and adjusted diluted EPS. These items represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per share impact of special items. As discussed below, special items include certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them with 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 financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. 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 stockholders.

Special items included in the periods presented include the following:

- Costs to achieve mergers represent charges that result from potential or completed strategic acquisitions.
- Cost savings initiatives represents severance charges related to company-wide initiatives to standardize processes and systems, leverage technology and workforce optimization.
- Commercial Renewables Impairment and Asset impairment represent other-than-temporary impairments.
- Edwardsport Settlement and Ash Basin Settlement and Penalties represent charges related to Plea Agreements and settlement agreements with regulators and other governmental entities.

Adjusted earnings also include the operating results of the nonregulated Midwest generation business and Duke Energy Retail Sales (collectively, the Midwest Generation Disposal Group) and the International Disposal Group, which have been classified as discontinued operations. Management believes inclusion of the operating results of the Disposal Groups within adjusted earnings and adjusted diluted EPS results is a better reflection of Duke Energy's financial performance during the period.

Due to the forward-looking nature of any forecasted adjusted earnings guidance, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods (such as legal settlements, the impact of regulatory orders, or asset impairments).

Management evaluates segment performance based on segment income and other net expense. Segment income is defined as income from continuing operations attributable to Duke Energy. Segment income includes intercompany revenues and expenses that are eliminated in the Consolidated Financial Statements. Management also uses adjusted segment income as a measure of historical and anticipated future segment performance. Adjusted segment income is a non-GAAP financial measure, as it is based upon segment income adjusted for special items, which are discussed above. Management believes the presentation of adjusted segment income provides useful information to investors, as it provides them with an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment income or adjusted other net expense is segment income and other net expense.

Due to the forward-looking nature of any forecasted adjusted segment income or adjusted other net expense and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to forecast all special items for future periods, as discussed above.

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

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): March 16, 2017

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, and Telephone Number	IRS Employer Identification No.
1-32853	<b>DUKE ENERGY CORPORATION</b> (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218



Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number	Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number
1-4928	<b>DUKE ENERGY CAROLINAS, LLC</b> (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853 56-0205520	1-1232	<b>DUKE ENERGY OHIO, INC.</b> (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853 31-0240030
1-3382	<b>DUKE ENERGY PROGRESS, LLC</b> (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-0165465	1-3543	<b>DUKE ENERGY INDIANA, LLC.</b> (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853 35-0594457
1-3274	<b>DUKE ENERGY FLORIDA, LLC</b> (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853 59-0247770	1-6196	<b>PIEDMONT NATURAL GAS COMPANY, INC.</b> (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120 56-556998

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



**Item 1.01. Entry into a Material Definitive Agreement.**

On March 16, 2017, Duke Energy Corporation (the "Corporation") and its wholly-owned subsidiaries, Duke Energy Carolinas, LLC, Duke Energy Florida, LLC, Duke Energy Indiana, LLC, Duke Energy Kentucky, Inc., Duke Energy Ohio, Inc., Duke Energy Progress, LLC, and Piedmont Natural Gas Company, Inc. ("Piedmont"), entered into an amendment to the \$6,000,000,000 Credit Agreement, dated as of November 18, 2011 and as amended on December 18, 2013, and January 30, 2015, among the Corporation and each of such subsidiaries (except Piedmont, which became a subsidiary in 2016), as Borrowers, the lenders listed therein, and Wells Fargo Bank, National Association, as Administrative Agent and Swingline Lender. The credit facility was originally described and filed in the Corporation's Form 8-K dated November 25, 2011. This amendment was entered into primarily to add Piedmont as a Borrower, to increase the maximum aggregate borrowing amount available to the Borrowers from \$7,500,000,000 to \$8,000,000,000, and to extend the termination date of the facility from January 30, 2020 to March 16, 2022.

The disclosure in this Item 1.01 is qualified in its entirety by the provisions of the amendment to the Credit Agreement, which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

**Item 8.01. Other Events.**

Coincident with the credit agreement amendment described in Item 1.01 above, the Corporation increased the size of its commercial paper program from \$4.0 billion to \$4.85 billion. For more information on the commercial paper program, please refer to the Corporation's Form 10-K Annual Report for the year ended December 31, 2016.

Also coincident with the credit facility amendment, Piedmont terminated, in accordance with its terms, the Amended and Restated Credit Agreement dated as of October 1, 2012 among Piedmont, Wells Fargo Bank, National Association, as Administrative Agent, Swing Line Lender, L/C Issuer and a Lender, and Branch Banking and Trust Company, Bank of America, N.A., JPMorgan Chase Bank, N.A., PNC Bank, National Association, U.S. Bank National Association and Royal Bank of Canada, each a Lender.

**Item 9.01. Financial Statements and Exhibits**

(d) Exhibits.

10.1 Amendment No. 3 and Consent, dated as of March 16, 2017, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, LLC, Duke Energy Kentucky, Inc., Duke Energy Progress, LLC, Duke Energy Florida, LLC, and Piedmont Natural Gas Company, Inc., the Lenders party thereto, the Issuing Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent and Swingline Lender

**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION  
DUKE ENERGY CAROLINAS, LLC  
DUKE ENERGY PROGRESS, LLC  
DUKE ENERGY FLORIDA, LLC  
DUKE ENERGY OHIO, INC.  
DUKE ENERGY INDIANA, LLC  
PIEDMONT NATURAL GAS COMPANY, INC.**

Date: March 17, 2017

By: /s/ Robert T. Lucas III  
Name: Robert T. Lucas III  
Title: Assistant Secretary

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
10.1	Amendment No. 3 and Consent, dated as of March 16, 2017, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, LLC, Duke Energy Kentucky, Inc., Duke Energy Progress, LLC, Duke Energy Florida, LLC, and Piedmont Natural Gas Company, Inc., the Lenders party thereto, the Issuing Lenders party thereto, and Wells Fargo Bank, National Association, as Administrative Agent and Swingline Lender

Exhibit 10.1

**EXECUTION VERSION**

AMENDMENT NO. 3 and Consent, dated as of March 16, 2017 (this "*Agreement*"), among DUKE ENERGY CORPORATION (the "*Company*"), DUKE ENERGY CAROLINAS, LLC ("*Duke Energy Carolinas*"), DUKE ENERGY OHIO, INC. ("*Duke Energy Ohio*"), DUKE ENERGY INDIANA, LLC ("*Duke Energy Indiana*"), DUKE ENERGY KENTUCKY, INC. ("*Duke Energy Kentucky*"), DUKE ENERGY PROGRESS, LLC (f/k/a PROGRESS ENERGY CAROLINAS, INC.) ("*Duke Energy Progress*"), DUKE ENERGY FLORIDA, LLC (f/k/a PROGRESS ENERGY FLORIDA, INC.) ("*Duke Energy Florida*") and PIEDMONT NATURAL GAS COMPANY, INC. ("*Piedmont*"), the LENDERS party hereto (the "*Lenders*"), the ISSUING LENDERS party hereto (the "*Issuing Lenders*"), WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent and Swingline Lender.

A. Reference is made to the Credit Agreement dated as of November 18, 2011, (as amended by Amendment No. 1 and Consent dated as of December 18, 2013 and Amendment No. 2 and Consent dated as of January 30, 2015, the "*Existing Credit Agreement*"), among the Company, Duke Energy Carolinas, Duke Energy Ohio, Duke Energy Indiana, Duke Energy Kentucky, Duke Energy Progress and Duke Energy Florida (the "*Existing Borrowers*"), and together with Piedmont, the "*Borrowers*"), the Lenders party thereto (the "*Existing Lenders*") and Wells Fargo Bank, National Association, as administrative agent for the Lenders (in such capacity, the "*Administrative Agent*") and as swingline lender (in such capacity, the "*Swingline Lender*").

B. The Existing Borrowers have requested that certain amendments be made to the Existing Credit Agreement, as more fully set forth herein (the "*Amendments*").

C. The Lenders party hereto have agreed to the amendments of the Existing Credit Agreement as set forth herein and as amended hereby (the Existing Credit Agreement as so amended being referred to as the "*Amended Credit Agreement*").

Accordingly, in consideration of the mutual agreements herein contained and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. **Terms Generally.** (a) The rules of construction set forth in Section 1.01 of the Amended Credit Agreement shall apply *mutatis mutandis* to this Agreement. Capitalized terms used but not defined herein have the meanings assigned thereto in the Amended Credit Agreement.

(b) As used in this Agreement, the following terms have the meanings specified below:

"*Amendment Effective Date*" shall have the meaning assigned to such term in Section 5.

"*Assigned Interest*" shall have the meaning assigned to such term in Section 3.

"*Assignee Lender*" shall mean each Lender whose Commitment as shown on Commitment Schedule to the Amended Credit Agreement attached as Annex A hereto is

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greater than its existing Commitment immediately prior to the Amendment Effective Date.

“*Departing Lender*” shall mean each Existing Lender that is not a signatory to this Agreement.

“*Existing Piedmont Credit Agreement*” shall mean that certain Second Amended and Restated Credit Agreement, dated as of December 14, 2015, among Piedmont, each lender from time to time party thereto, and Wells Fargo Bank, National Association, as administrative agent, swingline lender, and L/C issuer.

SECTION 2. *Amendments to Existing Credit Agreement.* Effective as of the Amendment Effective Date immediately after giving effect to the Assigned Interests in Section 3 of this Agreement, the Existing Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the bold and double-underlined text (indicated textually in the same manner as the following example: double underlined text) as set forth in the pages of the Amended Credit Agreement attached as Annex A hereto.

SECTION 3. *Substitution of Departing Lenders; Confirmation of Commitments.* (a) (i) The Company hereby notifies the Administrative Agent and each Existing Lender that it has elected to substitute the Assignee Lenders for the Departing Lenders on the Amendment Effective Date pursuant to Section 8.06 of the Existing Credit Agreement. Accordingly, each of the Assignee Lenders hereby purchases and assumes from each of the Departing Lenders such interests, rights and obligations with respect to the Commitments and outstanding Loans and funded Letter of Credit Liabilities of such Departing Lender on the Amendment Effective Date (all such interests, rights and obligations sold, purchased, assigned and assumed to be referred to herein as the “*Assigned Interests*”), as shall be necessary, in order that, after giving effect to all such sales and assignments and purchases and assumptions and any increase or decrease in the Commitment of a Lender reflected on its signature page hereto (x) no Departing Lender holds any Commitment or outstanding Loans or funded Letter of Credit Liabilities under the Existing Credit Agreement immediately prior to the effectiveness of the amendments referred to in Section 2 of this Agreement and (y) each of the Assignee Lenders will hold the principal amounts of the Commitments and outstanding Loans and funded Letter of Credit Liabilities set forth on the Commitment Schedule attached to the Amended Credit Agreement attached as Annex A hereto. Such sales and assignments and purchases and assumptions shall be made on the terms set forth in Exhibit D to the Existing Credit Agreement and shall comply with Section 9.06(c) of the Existing Credit Agreement, notwithstanding any failure of such sales, assignments, purchases and assumptions to comply with (x) the minimum assignment requirement in Section 9.06(c) of the Existing Credit Agreement, (y) the requirement to pay the processing and recordation fees referenced in Section 9.06(c) of the Existing Credit Agreement or (z) any requirement to execute and deliver an Assignment and Assumption in respect thereof. Without limiting the generality of the foregoing, each Assignee Lender hereby makes the representations, warranties and agreements required to be made under Section 5 of Exhibit D to the Existing Credit Agreement by an Assignee, with respect to the Assigned Interests being assigned or assumed by such Assignee Lender hereunder.

(ii) On the Amendment Effective Date, subject to the terms and conditions set forth herein, (x) to the extent any Loans or funded Letter of Credit Liabilities are outstanding on such date, each Assignee Lender purchasing and assuming Assigned Interests pursuant to paragraph (i) above shall pay the purchase price for such Assigned Interests pursuant to such paragraph (i) (equal to the principal amount of such outstanding Loans and funded Letter of Credit Liabilities

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with respect to such Assigned Interest) by wire transfer of immediately available funds to the Administrative Agent not later than 12:00 Noon (New York City time), (y) the Existing Borrowers shall pay all accrued and unpaid interest and fees and other amounts accrued to but excluding the Amendment Effective Date for the account of each Departing Lender in respect of such Departing Lender's Assigned Interests (including such amount, if any, as would be payable pursuant to Section 2.13 of the Existing Credit Agreement if the outstanding Loans of such Departing Lender were prepaid in their entirety on the date of consummation of the assignment of the Assigned Interests) by wire transfer of immediately available funds to the Administrative Agent not later than 12:00 Noon (New York City time) and (z) the Administrative Agent shall pay to each of the Departing Lenders selling and assigning such Assigned Interests pursuant to paragraph (i) above, out of the amounts received by the Administrative Agent pursuant to clauses (x) and (y) of this paragraph (ii), the purchase price for the Assigned Interests assigned by such Departing Lender, pursuant to such paragraph (i) and all unpaid interest and fees and other amounts accrued for the account of each Departing Lender to but excluding the Amendment Effective Date by wire transfer of immediately available funds to the account designated by such Departing Lender to the Administrative Agent not later than 5:00 p.m. (New York City time) on the Amendment Effective Date.

(b) The execution of this Agreement is evidence of the consent of the Company, the Swingline Lender, the Issuing Lenders and the Administrative Agent to assignment of the Departing Lenders' Commitments to the Assignee Lenders, as required pursuant to Section 9.06(c) of the Existing Credit Agreement.

(c) Each Lender, by executing this Agreement confirms that on the Amendment Effective Date after giving effect to this Agreement (including Section 3) the Commitment of such Lender under the Amended Credit Agreement shall be as set forth on such Lender's executed signature page to this Agreement.

(d) Each Borrower agrees to execute and deliver a Note, if required by a Lender, payable to the order of such Lender reflecting the Commitments set forth on the Commitment Schedule to the Amended Credit Agreement pursuant to Sections 2.04(b) and 9.06(c) of the Amended Credit Agreement.

**SECTION 4. *Representations and Warranties.*** To induce the other parties hereto to enter into this Agreement, each Borrower party hereto represents and warrants to the Administrative Agent and each of the Lenders that:

(a) The execution, delivery and performance by such Borrower of this Agreement and the Notes are within such Borrower's powers, have been duly authorized by all necessary company action, require no action by or in respect of, or filing with, any Governmental Authority (except for consents, authorizations or filings which have been obtained or made, as the case may be, and are in full force and effect) and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the articles of incorporation, by laws, certificate of formation or the limited liability company agreement of such Borrower or of any material agreement, judgment, injunction, order, decree or other instrument binding upon such Borrower or result in the creation or imposition of any Lien on any asset of such Borrower or any of its Material Subsidiaries.

(b) This Agreement constitutes a valid and binding agreement of such Borrower and each Note, if and when executed and delivered by it in accordance with this Agreement, will constitute a valid and binding obligation of such Borrower, in each case enforceable in

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accordance with its terms, except as the same may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by general principles of equity.

(c) Each of the representations and warranties made by such Borrower in Article 4 of the Amended Credit Agreement is true and correct in all material respects on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date (in which case they shall be true and correct on and as of such earlier date); *provided* that any representation and warranty that is qualified by materiality or material adverse effect shall be true and correct in all respects on and as of the date hereof, except to the extent such representations and warranties expressly relate to an earlier date (in which case they shall be true and correct on and as of such earlier date).

(d) No Event of Default or Default has occurred and is continuing as of the date hereof.

SECTION 5. *Effectiveness.* This Agreement shall become effective as of the date (the "*Amendment Effective Date*") on which each of the following conditions precedent shall have been satisfied:

(a) The Administrative Agent shall have received duly executed counterparts of this Agreement from the Borrowers, the Swingline Lender, the Issuing Lenders and the Lenders with Commitments as shown on the Commitment Schedule to the Amended Credit Agreement attached as Annex A hereto consenting to this Agreement.

(b) The Administrative Agent shall have received (a) an opinion of internal counsel of each Borrower, substantially in the form of Exhibit B to the Existing Credit Agreement and (b) an opinion of Robinson, Bradshaw & Hinson, P.A., special counsel for the Borrowers, substantially in the form of Exhibit C to the Existing Credit Agreement, and, in each case, covering such additional matters relating to the transactions contemplated hereby as the Administrative Agent may reasonably request;

(c) The Administrative Agent shall have received a certificate signed by a Vice President, the Treasurer, an Assistant Treasurer or the Controller of the Company, dated the Amendment Effective Date, to the effect set forth in clauses (c) and (d) of Section 4 above;

(d) The Administrative Agent shall have received all documents it may have reasonably requested prior to the Amendment Effective Date relating to the existence of the Borrowers, the corporate authority for and the validity of this Agreement and the Notes, and any other matters relevant hereto, all in form and substance satisfactory to the Administrative Agent;

(e) The Administrative Agent shall have received all Fees and other amounts due and payable on or prior to the Amendment Effective Date, fees and expenses required to be paid or delivered by the Company on the Amendment Effective Date pursuant to the certain fee letters dated as of February 9, 2017 among the arrangers party thereto, the Lenders named therein and the Company, and to the extent invoiced, reimbursement or payment of all out of pocket expenses required to be reimbursed or paid by the Company hereunder.

(f) The Administrative Agent shall have received evidence reasonably satisfactory to it that all principal of any loans outstanding under, and all accrued interest and fees under, the Existing Piedmont Credit Agreement shall have been paid in full and all commitments thereunder have been terminated (other than the Existing Piedmont Letters of Credit).

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(g) The Administrative Agent shall have received, at least three Domestic Business Days prior to the Amendment Effective Date, all documentation and other information about the Borrowers that shall have been reasonably requested by the Administrative Agent in writing at least 10 Domestic Business Days prior to the Amendment Effective Date and that the Administrative Agent reasonably determines is required by United States regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the Patriot Act.

**SECTION 6. *Effect of Amendments.*** Except as expressly set forth herein, this Agreement shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the Administrative Agent or each of the Lenders under the Existing Credit Agreement and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Existing Credit Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any Existing Borrower to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Existing Credit Agreement in similar or different circumstances. This Agreement shall apply and be effective only with respect to the provisions of the Existing Credit Agreement specifically referred to herein.

**SECTION 7. *Notices.*** All notices hereunder shall be given in accordance with the provisions of Section 9.01 of the Amended Credit Agreement.

**SECTION 8. *Counterparts.*** This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Agreement by facsimile or other means of electronic transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

**SECTION 9. *APPLICABLE LAW, SUBMISSION TO JURISDICTION.*** THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK. EACH BORROWER AND EACH LENDER PARTY HEREBY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK AND OF ANY NEW YORK STATE COURT SITTING IN NEW YORK COUNTY FOR PURPOSES OF ALL LEGAL PROCEEDINGS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH BORROWER AND EACH LENDER PARTY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

**SECTION 10. *WAIVER OF JURY TRIAL.*** EACH OF THE BORROWERS, THE AGENTS, THE ISSUING LENDERS AND THE LENDERS, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

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SECTION 11. *Headings*. The headings used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

*[Remainder of this page intentionally left blank]*

---

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date and year first above written.

DUKE ENERGY CORPORATION

By:

/s/ John L. Sullivan, III

Name: John L. Sullivan, III

Title: Assistant Treasurer

Address: 550 South Tryon Street Charlotte, NC 28202

Attention: Treasury Department

Telecopy number: 704-382-4935

Taxpayer ID: 20-2777218

DUKE ENERGY CAROLINAS, LLC

By:

/s/ John L. Sullivan, III

Name: John L. Sullivan, III

Title: Assistant Treasurer

Address: 550 South Tryon Street Charlotte, NC 28202

Attention: Treasury Department

Telecopy number: 704-382-4935

Taxpayer ID: 56-0205520

DUKE ENERGY OHIO, INC.

By:

/s/ John L. Sullivan, III

Name: John L. Sullivan, III

Title: Assistant Treasurer

Address: 550 South Tryon Street Charlotte, NC 28202

Attention: Treasury Department

Telecopy number: 704-382-4935

Taxpayer ID: 31-0240030

*[Signature Page to Amendment No. 3 and Consent]*

---

DUKE ENERGY INDIANA, LLC

By:

/s/ John L. Sullivan, III

Name: John L. Sullivan, III

Title: Assistant Treasurer

Address: 550 South Tryon Street Charlotte, NC 28202

Attention: Treasury Department

Telecopy number: 704-382-4935

Taxpayer ID: 35-0594457

DUKE ENERGY KENTUCKY, INC.

By:

/s/ John L. Sullivan, III

Name: John L. Sullivan, III

Title: Assistant Treasurer

Address: 550 South Tryon Street Charlotte, NC 28202

Attention: Treasury Department

Telecopy number: 704-382-4935

Taxpayer ID: 31-0473080

DUKE ENERGY PROGRESS, LLC

By:

/s/ John L. Sullivan, III

Name: John L. Sullivan, III

Title: Assistant Treasurer

Address: 550 South Tryon Street Charlotte, NC 28202

Attention: Treasury Department

Telecopy number: 704-382-4935

Taxpayer ID: 56-0165465

*[Signature Page to Amendment No. 3 and Consent]*

---

DUKE ENERGY FLORIDA, LLC

By:

/s/ John L. Sullivan, III

Name: John L. Sullivan, III

Title: Assistant Treasurer

Address: 550 South Tryon Street Charlotte, NC 28202

Attention: Treasury Department

Telecopy number: 704-382-4935

Taxpayer ID: 59-0247770

PIEDMONT NATURAL GAS COMPANY, INC.

By:

/s/ John L. Sullivan, III

Name: John L. Sullivan, III

Title: Assistant Treasurer

Address: 550 South Tryon Street Charlotte, NC 28202

Attention: Treasury Department

Telecopy number: 704-382-4935

Taxpayer ID: 56-0556998

*[Signature Page to Amendment No. 3 and Consent]*

---

WELLS FARGO BANK, NATIONAL ASSOCIATION, individually and as  
Administrative Agent, Issuing Lender and Swingline Lender

By

/s/ Patrick Engel

Name: Patrick Engel

Title: Director

Commitment under Amended Credit Agreement:

\$400,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---

Bank of America, N.A., as Lender and Issuing Lender:

By

/s/ William Merritt

Name: William Merritt

Title: Director

Commitment under Amended Credit Agreement:

\$400,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---

JP MORGAN CHASE BANK, N.A., as Lender and Issuing Lender:

By /s/ Bridget Killackey

Name: Bridget Killackey

Title: Executive Director

Commitment under Amended Credit Agreement:

\$400,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---

MIZUHO BANK, LTD., as Lender and Issuing Lender:

By /s/ Daniel Guevara

Name: Daniel Guevara

Title: Authorized Signatory

Commitment under Amended Credit Agreement:

\$400,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---



Bank of China, New York Branch, as Lender and Issuing Lender:

By /s/ Chen Xu

Name: Chen Xu

Title: President & CEO

Commitment under Amended Credit Agreement:

\$400,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---

Barclays Bank PLC, as Lender and Issuing Lender:

By /s/ May Huang

Name: May Huang

Title: Assistant Vice President

Commitment under Amended Credit Agreement:

\$400,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---

Citibank, N.A., as Lender and Issuing Lender:

By /s/ Richard Rivera

Name: Richard Rivera

Title: Vice President

Commitment under Amended Credit Agreement:

\$400,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as Lender and Issuing Lender:

By /s/ Robert Hetu  
Name: Robert Hetu  
Title: Authorized Signatory

By /s/ Szymon Ordys  
Name: Szymon Ordys  
Title: Authorized Signatory

Commitment under Amended Credit Agreement:

\$400,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---

ROYAL BANK OF CANADA, as Lender and Issuing Lender:

By /s/ Rahul D. Shah

Name: Rahul D. Shah

Title: Authorized Signatory

Commitment under Amended Credit Agreement:

\$400,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---

The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Lender and Issuing Lender:

By /s/ Robert MacFarlane

Name: Robert MacFarlane  
Title: Director

By \_\_\_\_\_

Name:  
Title:

Commitment under Amended Credit Agreement:

\$400,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---

BNP Paribas, as Lender:

By /s/ Theodore Sheen

Name: Theodore Sheen  
Title: Director

By /s/ Karima Omar

Name: Karima Omar  
Title: Vice President

Commitment under Amended Credit Agreement:

\$325,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---

GOLDMAN SACHS BANK USA, as Lender:

By /s/ Josh Rosenthal

Name: Josh Rosenthal

Title: Authorized Signatory

Commitment under Amended Credit Agreement:

\$325,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---



MORGAN STANLEY BANK, N.A., as Lender:

By /s/ Michael King  
Name: Michael King  
Title: Authorized Signatory

Commitment under Amended Credit Agreement:

\$325,000,000.00

*[Signature Page to Amendment No. 3 and Consent]*

---

SUNTRUST BANK, as Lender:

By /s/ Arize Agumadu  
Name: Arize Agumadu  
Title: Vice President

Commitment under Amended Credit Agreement:

\$325,000,000.00

---

TD Bank, N.A., as Lender:

By /s/ Betty Chang  
Name: Betty Chang  
Title: Senior Vice President

Commitment under Amended Credit Agreement:

\$325,000,000.00

---

The Bank of Nova Scotia, as Lender:

By /s/ David Dewar  
Name: David Dewar  
Title: Director

Commitment under Amended Credit Agreement:

\$325,000,000.00

---

U.S. BANK NATIONAL ASSOCIATION, as Lender:

By /s/ James O'Shaughnessy  
Name: James O'Shaughnessy  
Title: Vice President

Commitment under Amended Credit Agreement:

\$325,000,000.00

---

UBS AG, STAMFORD BRANCH, as Lender:

By /s/ Housseem Daly

Name: Housseem Daly

Title: Associate Director

Banking Products Services, US

By /s/ Darlene Arias

Name: Darlene Arias

Title: Director

Commitment under Amended Credit Agreement:

\$325,000,000.00

---

Branch Banking & Trust Company, as Lender:

By /s/ Kelly Attayek

Name: Kelly Attayek

Title: Assistant Vice President

Commitment under Amended Credit Agreement:

\$175,000,000.00

---

KEYBANK NATIONAL ASSOCIATION, as Lender:

By /s/ Lisa A. Ryder

Name: Lisa A. Ryder

Title: Senior Vice President

Commitment under Amended Credit Agreement:

\$175,000,000.00

---



PNC Bank, National Association, as Lender:

By /s/ Jon R. Hinard

Name: Jon R. Hinard

Title: Managing Director

Commitment under Amended Credit Agreement:

\$175,000,000.00

---

REGIONS BANK, as Lender:

By /s/ Brian Walsh  
Name: Brian Walsh  
Title: Director

By \_\_\_\_\_  
Name:  
Title:

Commitment under Amended Credit Agreement:

\$175,000,000.00

---

BANCO SANTANDER, S.A., NEW YORK BRANCH, as Lender:

By /s/ Rita Walz-Cuccioli

Name: Rita Walz-Cuccioli

Title: Executive Director

Banco Santander, S.A., New York Branch

By /s/ Terence Corcoran

Name: Terence Corcoran

Title: Senior Vice President

Banco Santander, S.A., New York Branch

Commitment under Amended Credit Agreement:

\$175,000,000.00

---

Sumitomo Mitsui Banking Corporation, as Lender:

By /s/ James D. Weinstein

Name: James D. Weinstein

Title: Managing Director

Commitment under Amended Credit Agreement:

\$175,000,000.00

---

The Bank of New York Mellon, as Lender:

By /s/ Richard K. Fronapfel, Jr.

Name: Richard K. Fronapfel, Jr.

Title: Vice President

Commitment under Amended Credit Agreement:

\$175,000,000.00

---

The Northern Trust Company, as Lender:

By /s/ John C. Canty

Name: John C. Canty

Title: Senior Vice President

Commitment under Amended Credit Agreement:

\$175,000,000.00

---

ANNEX A

AMENDED CREDIT AGREEMENT

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~~\$7,500,000,000~~ 8,000,000,000

CREDIT AGREEMENT

dated as of  
November 18, 2011  
as Amended by Amendment No. 1 and Consent, dated as of December 18, 2013,  
~~and Amendment No. 2 and Consent, dated as of January 30, 2015 and~~  
Amendment No. 3 and Consent, dated as of March 16, 2017  
among

Duke Energy Corporation  
Duke Energy Carolinas, LLC  
Duke Energy Ohio, Inc.  
Duke Energy Indiana, ~~Inc.~~ LLC  
Duke Energy Kentucky, Inc.  
Duke Energy Progress, ~~Inc.~~ and LLC  
Duke Energy Florida, LLC and  
~~Duke Energy Florida~~ Piedmont Natural Gas Company, Inc.,  
as Borrowers,

The Lenders Listed Herein,

Wells Fargo Bank, National Association,  
as Administrative Agent,

and

Bank of America, N.A.  
JPMorgan Chase Bank, N.A. and  
~~The Royal~~ Mizuho Bank of Scotland plc, Ltd.,  
as Co-Syndication Agents

and

Bank of China, New York Branch  
Barclays Bank PLC  
Citibank, N.A.  
Credit Suisse AG, Cayman Islands Branch  
The Bank of Tokyo-Mitsubishi UFJ, Ltd. and  
~~UBS Securities LLC~~ Royal Bank of Canada,  
as Co-Documentation Agents

Wells Fargo Securities, LLC  
Merrill Lynch, Pierce, Fenner & Smith Incorporated(1)  
JPMorgan Chase Bank, N.A.  
Mizuho Bank, Ltd.  
Bank of China, New York Branch  
Barclays Bank PLC  
Citigroup Global Markets, Inc.  
Credit Suisse Securities (USA) LLC  
J.P. Morgan Securities, LLC  
Merrill Lynch, Pierce, Fenner & Smith Incorporated  
RBS Securities Inc.  
The Bank of Tokyo-Mitsubishi UFJ, Ltd. and

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(1) Merrill Lynch, Pierce, Fenner & Smith Incorporated shall mean Merrill Lynch, Pierce, Fenner & Smith Incorporated or any other registered broker-dealer wholly-owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation's or any of its subsidiaries' investment banking, commercial lending services or related businesses may be transferred following the date of this Agreement.

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RBC Capital Markets(2),  
UBS Securities LLC and  
Wells Fargo Securities, LLC,  
as Joint Lead Arrangers and Joint Bookrunners

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(2) RBC Capital Markets is a brand name for the capital markets businesses of Royal Bank of Canada and its affiliates.

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COMMITMENT SCHEDULE  
PRICING SCHEDULE

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EXHIBIT D -	Assignment and Assumption Agreement
EXHIBIT E -	Extension Agreement
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EXHIBIT I -	Progress Energy, Inc. Consent

### CREDIT AGREEMENT

AGREEMENT dated as of November 18, 2011 (as amended by Amendment No. 1 and Consent, dated as of December 18, 2013 and Amendment No. 2 and Consent, dated as of January 30, 2015 and Amendment No. 3 and Consent, dated as of March 16, 2017) among DUKE ENERGY CORPORATION, DUKE ENERGY CAROLINAS, LLC, DUKE ENERGY OHIO, INC., DUKE ENERGY INDIANA, INC., DUKE ENERGY KENTUCKY, INC., DUKE ENERGY PROGRESS, INC., LLC (f/k/a PROGRESS ENERGY CAROLINAS, INC.) and DUKE ENERGY FLORIDA, INC., LLC (f/k/a PROGRESS ENERGY FLORIDA, INC.) and ~~PIEDMONT NATURAL GAS COMPANY, INC.~~ as Borrowers, the Lenders from time to time party hereto, WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent, BANK OF AMERICA, N.A., JPMORGAN CHASE BANK, N.A. and ~~THE ROYAL MIZUHO BANK OF SCOTLAND PLC, LTD.~~, as Co-Syndication Agents, and BANK OF CHINA, NEW YORK BRANCH, BARCLAYS BANK PLC, CITIBANK, N.A., CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, THE BANK OF TOKYO-MITSUBISHI UFJ, LTD. and ~~UBS SECURITIES LLC~~ ROYAL BANK OF CANADA, as Co-Documentation Agents.

The parties hereto agree as follows:

#### ARTICLE I DEFINITIONS

Section 1.01. *Definitions.* The following terms, as used herein, have the following meanings:

“**Additional Lender**” means any financial institution that becomes a Lender for purposes hereof pursuant to Section 2.17 or 8.06.

“**Administrative Agent**” means Wells Fargo in its capacity as administrative agent for the Lenders hereunder, and its successors in such capacity.

“**Administrative Questionnaire**” means, with respect to each Lender, the administrative questionnaire in the form submitted to such Lender by the Administrative Agent and submitted to the Administrative Agent (with a copy to each Borrower) duly completed by such Lender.

“**Affiliate**” means, as to any Person (the “**specified Person**”) (i) any Person that directly, or indirectly through one or more intermediaries, controls the specified Person (a “**Controlling Person**”) or (ii) any Person (other than the specified Person or a Subsidiary of the specified Person) which is controlled by or is under common control with a Controlling Person. As used herein, the term “**control**” means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

---

“Agent” means any of the Administrative Agent, the Co-Syndication Agents or the Co-Documentation Agents.

“Aggregate Exposure” means, with respect to any Lender at any time, the aggregate amount of its Borrower Exposures to all Borrowers at such time.

“Agreement” means this Agreement as the same may be amended from time to time.

“Amendment No. 3” shall mean that certain Amendment No. 3, dated as of March 16, 2017, among the Borrowers, the lenders party thereto and the Administrative Agent.

“Anti-Corruption Laws” means the United States Foreign Corrupt Practices Act of 1977 and all other laws, rules, and regulations of any jurisdiction concerning or relating to bribery, corruption or money laundering.

“Applicable Lending Office” means, with respect to any Lender, (i) in the case of its Base Rate Loans, its Domestic Lending Office and (ii) in the case of its Euro-Dollar Loans, its Euro-Dollar Lending Office.

“Applicable Margin” means, with respect to Euro-Dollar Loans, Swingline Loans or Base Rate Loans to any Borrower, the applicable rate per annum for such Borrower determined in accordance with the Pricing Schedule.

“Appropriate Share” has the meaning set forth in Section 8.03(d).

“Approved Fund” means any Fund that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

“Approved Officer” means the president, the chief financial officer, a vice president, the treasurer, an assistant treasurer or the controller of the Borrower or such other representative of the Borrower as may be designated by any one of the foregoing with the consent of the Administrative Agent.

“Assignee” has the meaning set forth in Section 9.06(c).

“Availability Percentage” means, with respect to each Borrower at any time, the percentage which such Borrower’s Sublimit bears to the aggregate amount of the Commitments, all determined as of such time.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the

Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“**Bankruptcy Event**” means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding (or any similar proceeding), or generally fails to pay its debts as such debts become due, or admits in writing its inability to pay its debts generally, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business or assets appointed for it, or, in the good faith determination of the Administrative Agent (or, if the Administrative Agent is the subject of the Bankruptcy Event, the Required Lenders), has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that (except with respect to a Lender that is subject to a Bail-In Action) a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof so long as such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“**Base Rate**” means, for any day for which the same is to be calculated, the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 1/2 of 1% and (c) the LIBOR Market Index Rate plus 1%; provided that if the Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. Each change in the Base Rate shall take effect simultaneously with the corresponding change in the rates described in clauses (a), (b) or (c) above, as the case may be.

“**Base Rate Loan**” means (i) a Loan which bears interest at the Base Rate pursuant to the applicable Notice of Borrowing or Notice of Interest Rate Election or the provisions of Article 8 or (ii) an overdue amount which was a Base Rate Loan immediately before it became overdue.

“**Borrower**” means each of the Company, Duke Energy Carolinas, Duke Energy Ohio, Duke Energy Indiana, Duke Energy Kentucky, the Company and, on and after the Second Effective Date, Duke Energy Florida, Duke Energy Florida and Duke Energy Progress and Piedmont. References herein to “the Borrower” in connection with any Loan or Group of Loans or any Letter of Credit hereunder are to the particular Borrower to which such Loan or Loans are made or proposed to be made or at whose request and for whose account such Letter of Credit is issued or proposed to be issued.

“**Borrower Exposure**” means, with respect to any Lender and any Borrower at any time, (i) an amount equal to the product of such Lender’s Percentage and such Borrower’s Sublimit (whether used or unused) at such time or (ii) if such Lender’s Commitment shall have terminated, either generally or with respect to such Borrower, or if such Borrower’s Sublimit shall have been reduced to zero, the sum of the aggregate outstanding principal amount of its Loans (other than Swingline Loans) to such

Borrower, the aggregate amount of its Letter of Credit Liabilities in respect of such Borrower and the amount of its Swingline Exposure in respect of such Borrower at such time.

“**Borrower Maturity Date**” means, with respect to any Revolving Credit Loan to any Borrower other than the Company, the first anniversary of the date of the Borrowing of such Revolving Credit Loan; *provided* that if the Borrower designates such Borrowing as long-term in its Notice of Borrowing, then the Borrower Maturity Date shall not be applicable thereto.

“**Borrowing**” has the meaning set forth in Section 1.03.

“**Cash Collateralize**” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of each Issuing Lender and each Lender, as collateral for the Letter of Credit Liabilities, cash or deposit account balances, and “**Cash Collateral**” shall refer to such cash or deposit account balances.

“**Change in Law**” means the occurrence of any of the following after the date of this Agreement: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rules, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; *provided however*, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law” after the date hereof regardless of the date enacted, adopted, issued or implemented.

“**Co-Documentation Agents**” means each of Bank of China, New York Branch, Barclays Bank PLC, Citibank, N.A., Credit Suisse AG, Cayman Islands Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., and ~~UBS Securities LLC~~ Royal Bank of Canada, in its capacity as documentation agent in respect of this Agreement.

“**Commitment**” means (i) with respect to any Lender listed on the signature pages hereof, the amount set forth opposite its name on the Commitment Schedule as its Initial Commitment, which amount, subject to the conditions in Section 3.02, shall be increased by the amount set forth opposite its name on the Commitment Schedule as its Delayed Additional Commitment, and (ii) with respect to each Additional Lender or Assignee which becomes a Lender pursuant to Sections 2.17, 8.06 and 9.06(c), the amount of the Commitment thereby assumed by it, in each case as such amount may from time to time be reduced pursuant to Sections 2.08, 2.10, 8.06 or 9.06(c) or increased pursuant to Sections 2.17, 8.06 or 9.06(c).



“**Commitment Schedule**” means the Commitment Schedule attached hereto.

“**Commitment Termination Date**” means, for each Lender, ~~January 30~~ March 16, 2020 ~~2022~~, as such date may be extended from time to time with respect to such Lender pursuant to Section 2.01(b) or, if such day is not a Euro-Dollar Business Day, the next preceding Euro-Dollar Business Day.

“**Company**” means Duke Energy Corporation, a Delaware corporation.

“**Connection Income Taxes**” means, with respect to any Lender or Agent, taxes that are imposed on or measured by net income (however denominated), franchise taxes or branch profits taxes, in each case, imposed as a result of a connection (including any former connection) between such Lender or Agent and the jurisdiction imposing such tax (other than connections arising from such Lender or Agent having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced this Agreement or any Note, or sold or assigned an interest in any Loan, this Agreement or any Note).

“**Consolidated Capitalization**” means, with respect to any Borrower, the sum, without duplication, of (i) Consolidated Indebtedness of such Borrower, (ii) consolidated common equityholders’ equity as would appear on a consolidated balance sheet of such Borrower and its Consolidated Subsidiaries prepared in accordance with generally accepted accounting principles, (iii) the aggregate liquidation preference of preferred or priority equity interests (other than preferred or priority equity interests subject to mandatory redemption or repurchase) of such Borrower and its Consolidated Subsidiaries upon involuntary liquidation, (iv) the aggregate outstanding amount of all Equity Preferred Securities of such Borrower and (v) minority interests as would appear on a consolidated balance sheet of such Borrower and its Consolidated Subsidiaries prepared in accordance with generally accepted accounting principles.

“**Consolidated Indebtedness**” means, at any date, with respect to any Borrower, all Indebtedness of such Borrower and its Consolidated Subsidiaries determined on a consolidated basis in accordance with generally accepted accounting principles; *provided* that Consolidated Indebtedness shall exclude, to the extent otherwise reflected therein, Equity Preferred Securities of such Borrower and its Consolidated Subsidiaries up to a maximum excluded amount equal to 15% of Consolidated Capitalization of such Borrower.

“**Consolidated Net Assets**” means, at any date with respect to any Borrower, (a) total assets of such Borrower and its Subsidiaries (minus applicable reserves) determined on a consolidated basis in accordance with GAAP minus (b) total liabilities of such Borrower and its Subsidiaries, in each case determined on a consolidated basis in accordance with GAAP, all as reflected in the consolidated financial statements of such Borrower most recently delivered to the Administrative Agent and the Lenders pursuant to Section 5.01(a) or 5.01(b).

**“Consolidated Subsidiary”** means, for any Person, at any date any Subsidiary or other entity the accounts of which would be consolidated with those of such Person in its consolidated financial statements if such statements were prepared as of such date.

**“Co-Syndication Agents”** means each of Bank of America, N.A., JPMorgan Chase Bank, N.A. and ~~The Royal Mizuho Bank of Scotland plc, Ltd.~~ in its capacity as syndication agent in respect of this Agreement.

**“Default”** means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

**“Defaulting Lender”** means any Lender that (a) has failed to (i) fund any portion of its Loans within two Domestic Business Days of the date required to be funded, (ii) fund any portion of its participations in Letters of Credit required to be funded by it hereunder within two Domestic Business Days of the date required to be funded or (iii) pay over to any Lender Party any other amount required to be paid by it hereunder within two Domestic Business Days of the date required to be paid, unless, in the case of clause (i) or (iii) above, such Lender notifies the Administrative Agent (or, if the Administrative Agent is the Defaulting Lender, the Required Lenders) in writing that such failure is the result of such Lender’s good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Company or the Administrative Agent in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender’s good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Domestic Business Days after written request by the Administrative Agent (or, if the Administrative Agent is the Defaulting Lender, the Required Lenders) or the Company, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans and participations in then outstanding Letters of Credit under this Agreement unless such Lender notifies the Administrative Agent (or, if the Administrative Agent is the Defaulting Lender, the Required Lenders) in writing that such failure is the result of such Lender’s good faith determination that one or more conditions precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt by the Administrative Agent (or, if the Administrative Agent is the Defaulting Lender, the Required Lenders) and the Company of such certification in form and substance satisfactory to the Administrative Agent (or, if the Administrative Agent is the Defaulting Lender, the Required Lenders) and the Company, or (d) has become (or has a direct or indirect Parent that has become) the subject of a Bankruptcy Event or a Bail-In Action. Any determination by the Administrative Agent (or, if the Administrative Agent is the Defaulting Lender, the Required Lenders) that a Lender is a Defaulting Lender shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a

Defaulting Lender upon delivery of written notice of such determination to the Company and each Lender.

**“Delayed Additional Commitments”** means the incremental amounts of Commitments so identified in the Commitment Schedule.

**“Domestic Business Day”** means any day except a Saturday, Sunday or other day on which commercial banks in New York City or in the State of North Carolina are authorized by law to close.

**“Domestic Lending Office”** means, as to each Lender, its office located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Domestic Lending Office) or such other office as such Lender may hereafter designate as its Domestic Lending Office by notice to the Borrowers and the Administrative Agent.

**“Duke Energy Carolinas”** means Duke Energy Carolinas, LLC, a North Carolina limited liability company.

**“Duke Energy Carolinas Mortgage”** means the First and Refunding Mortgage between Duke Energy Carolinas and JPMorgan Chase Bank, N.A., as successor trustee, dated as of December 1, 1927 as amended or supplemented from time to time.

**“Duke Energy Indiana”** means Duke Energy Indiana, ~~Inc.~~ LLC, an Indiana corporation.

**“Duke Energy Indiana First Mortgage Trust Indenture”** means the first mortgage trust indenture, dated as of September 1, 1939, between Duke Energy Indiana and Deutsche Bank National Trust Company, as successor trustee, as amended, modified or supplemented from time to time, and any successor or replacement mortgage trust indenture.

**“Duke Energy Florida”** means Duke Energy Florida, ~~Inc.~~ LLC (*f/k/a* Progress Energy Florida, Inc.), a Florida corporation.

**“Duke Energy Florida Indenture”** means the Indenture dated as of January 1, 1944, between Duke Energy Florida and The Bank of New York Mellon, as successor trustee, as amended, modified or supplemented from time to time, and any successor or replacement mortgage trust indenture.

**“Duke Energy Kentucky”** means Duke Energy Kentucky, Inc., a Kentucky corporation.

**“Duke Energy Kentucky First Mortgage Trust Indenture”** means the first mortgage trust indenture, dated as of February 1, 1949, between Duke Energy Kentucky and The Bank of New York (successor to Irving Trust Company), as trustee, as amended, modified or supplemented from time to time, and any successor or replacement mortgage trust indenture.

“**Duke Energy Ohio**” means Duke Energy Ohio, Inc., an Ohio corporation.

“**Duke Energy Ohio First Mortgage Trust Indenture**” means the first mortgage trust indenture, dated as of August 1, 1936, between Duke Energy Ohio and The Bank of New York (successor to Irving Trust Company), as trustee, as amended, modified or supplemented from time to time, and any successor or replacement mortgage trust indenture.

“**Duke Energy Progress**” means Duke Energy Progress, ~~Inc.~~ LLC (f/k/a Progress Energy Carolinas, Inc.), a North Carolina corporation.

“**Duke Energy Progress Mortgage and Deed of Trust**” means the Mortgage and Deed of Trust, dated as of May 1, 1940, from Duke Energy Progress to the Bank of New York Mellon and Ming Ryan (successor to Frederick G. Herbst), as successor trustees, as amended, modified or supplemented from time to time, and any successor or replacement mortgage trust indenture.

“**EEA Financial Institution**” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority. (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition. or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“**EEA Member Country**” means any of the member states of the European Union, Iceland, Liechtenstein and Norway.

“**EEA Resolution Authority**” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“**Endowment**” means the Duke Endowment, a charitable common law trust established by James B. Duke by Indenture dated December 11, 1924.

“**Environmental Laws**” means any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions relating to the environment or to emissions, discharges, releases of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or industrial, toxic or hazardous substances or wastes.

“**Equity Preferred Securities**” means, with respect to any Borrower, any trust preferred securities or deferrable interest subordinated debt securities issued by such

Borrower or any Subsidiary or other financing vehicle of such Borrower that (i) have an original maturity of at least twenty years and (ii) require no repayments or prepayments and no mandatory redemptions or repurchases, in each case, prior to the first anniversary of the latest Commitment Termination Date.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Group” means, with respect to any Borrower, such Borrower and all other members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with such Borrower, are treated as a single employer under Section 414 of the Internal Revenue Code.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Euro-Dollar Business Day” means any Domestic Business Day on which commercial banks are open for international business (including dealings in dollar deposits) in London.

“Euro-Dollar Lending Office” means, as to each Lender, its office, branch or affiliate located at its address set forth in its Administrative Questionnaire (or identified in its Administrative Questionnaire as its Euro-Dollar Lending Office) or such other office, branch or affiliate of such Lender as it may hereafter designate as its Euro-Dollar Lending Office by notice to the Borrowers and the Administrative Agent.

“Euro-Dollar Loan” means (i) a Loan which bears interest at a Euro-Dollar Rate pursuant to the applicable Notice of Borrowing or Notice of Interest Rate Election or (ii) an overdue amount which was a Euro-Dollar Loan immediately before it became overdue.

“Euro-Dollar Rate” means a rate of interest determined pursuant to Section 2.06(b) on the basis of a London Interbank Offered Rate and if the Euro-Dollar Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Euro-Dollar Reserve Percentage” has the meaning set forth in Section 2.16.

“Event of Default” has the meaning set forth in Section 6.01.

“Existing Credit Agreement” means the Amended and Restated Credit Agreement dated as of June 28, 2007, among the Company, Duke Energy Carolinas, Duke Energy Ohio, Duke Energy Indiana, Duke Energy Kentucky, the banks party thereto, and Wachovia Bank, National Association, as administrative agent, as amended by Amendment No. 1 dated as of March 10, 2008.

“Existing Duke Credit Agreement” means the Amended and Restated Credit Agreement dated as of November 18, 2011, among the Borrowers party thereto, the

banks party thereto, and Wells Fargo Bank Bank, National Association, as administrative agent (as amended, amended and restated, supplemented or otherwise modified prior to the Third Amendment Effective Date).

“Existing Duke Letter of Credit” means each letter of credit outstanding under the Existing Duke Credit Agreement on the ~~Initial~~ Third Amendment Effective Date.

“Existing Piedmont Credit Agreement” shall mean that certain Second Amended and Restated Credit Agreement, dated as of December 14, 2015, among Piedmont, each lender from time to time party thereto, and Wells Fargo Bank, National Association, as administrative agent, swingline lender, and L/C issuer.

“Existing Piedmont Letter of Credit” means each letter of credit outstanding under the Existing Piedmont Credit Agreement on the Third Amendment Effective Date.

“Existing Progress Credit Agreements” means (i) the Credit Agreement dated as of October 15, 2010 among Duke Energy Florida, as borrower, Bank of America, N.A., as administrative agent, and the lenders party thereto, (ii) the Credit Agreement dated as of October 15, 2010 among Duke Energy Progress, as borrower, Wells Fargo Bank, N.A., as administrative agent, and the lenders party thereto, and (iii) the Existing Progress Parent Credit Agreement.

“Existing Progress Letter of Credit” means each letter of credit outstanding under the Existing Progress Parent Credit Agreement or the Existing Progress Parent LC Facility on the Second Effective Date.

“Existing Progress Parent Credit Agreement” means the Credit Agreement dated as of May 3, 2006, as amended and modified, among Progress Energy, Inc., as borrower, Citibank, N.A., as administrative agent, and the lenders party thereto, as amended.

“Existing Progress Parent LC Facility” means the Letter of Credit Agreement dated as of July 1, 2011, as amended and modified, between Progress Energy, Inc., as borrower, and Wells Fargo, as issuer.

“Facility Fee Rate” means, with respect to any Borrower, the applicable rate per annum for such Borrower determined in accordance with the Pricing Schedule.

“FATCA” has the meaning set forth in Section 8.04(a).

“Federal Funds Rate” means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System ~~arranged by Federal funds brokers on such day~~, as published by the Federal Reserve Bank of New York on the Domestic Business Day next succeeding such day; *provided* that (i) if such day is not a Domestic Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Domestic Business Day as so published on the next succeeding Domestic Business Day and (ii) if no such rate is so

published on such next succeeding Domestic Business Day, the Federal Funds Rate for such day shall be the average rate quoted to Wells Fargo on such day on such transactions as determined by the Administrative Agent; provided further, that, if the Federal Funds Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. .

**“Fund”** means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

**“Governmental Authority”** means any international, foreign, federal, state, regional, county, local or other governmental or quasi-governmental authority.

**“Group of Loans”** means at any time a group of Loans consisting of (i) all Loans to the same Borrower which are Base Rate Loans at such time or (ii) all Euro-Dollar Loans to the same Borrower having the same Interest Period at such time; *provided that*, if a Loan of any particular Lender is converted to or made as a Base Rate Loan pursuant to Article 8, such Loan shall be included in the same Group or Groups of Loans from time to time as it would have been if it had not been so converted or made.

**“Hedging Agreement”** means for any Person, any and all agreements, devices or arrangements designed to protect such Person or any of its Subsidiaries from the fluctuations of interest rates, exchange rates applicable to such party’s assets, liabilities or exchange transactions, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, commodity swap agreements, forward rate currency or interest rate options, puts and warrants. Notwithstanding anything herein to the contrary, “Hedging Agreements” shall also include fixed-for-floating interest rate swap agreements and similar instruments.

**“Increased Commitments”** has the meaning set forth in Section 2.17.

**“Indebtedness”** of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all indebtedness of such Person for the deferred purchase price of property or services purchased (excluding current accounts payable incurred in the ordinary course of business), (iii) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired, (iv) all indebtedness under leases which shall have been or should be, in accordance with generally accepted accounting principles, recorded as capital leases in respect of which such Person is liable as lessee, (v) the face amount of all outstanding letters of credit issued for the account of such Person (other than letters of credit relating to indebtedness included in Indebtedness of such Person pursuant to another clause of this definition) and, without duplication, the unreimbursed amount of all drafts drawn thereunder, (vi) indebtedness secured by any Lien on property or assets of such Person, whether or not assumed (but in any event not exceeding the fair market value of the property or asset), (vii) all direct guarantees of Indebtedness referred to above of another Person, (viii) all amounts payable in connection with mandatory redemptions or

repurchases of preferred stock or member interests or other preferred or priority equity interests and (ix) any obligations of such Person (in the nature of principal or interest) in respect of acceptances or similar obligations issued or created for the account of such Person.

“**Indemnitee**” has the meaning set forth in Section 9.03.

“**Initial Commitments**” means the initial amounts of Commitments so identified in the Commitment Schedule.

“**Initial Effective Date**” means the date on which this Agreement becomes effective pursuant to Section 3.01.

“**Initial Sublimit**” means, with respect to each Borrower, the amount set forth opposite its name in the table below:

<u>Borrower</u>	<u>Initial Sublimit</u>
Company	<del>\$3,200,000,000</del> <u>\$3,400,000,000</u>
Duke Energy Carolinas	<del>\$1,200,000,000</del> <u>\$1,100,000,000</u>
Duke Energy Progress	<u>\$1,000,000,000</u>
Duke Energy Florida	<del>\$900,000,000</del> <u>\$950,000,000</u>
Duke Energy Indiana	<u>\$600,000,000</u>
<u>Piedmont</u>	<u>\$500,000,000</u>
Duke Energy Ohio	<del>\$475,000,000</del> <u>\$300,000,000</u>
Duke Energy Kentucky	<del>\$125,000,000</del> <u>\$150,000,000</u>

“**Interest Period**” means, with respect to each Euro-Dollar Loan, the period commencing on the date of borrowing specified in the applicable Notice of Borrowing or on the date specified in an applicable Notice of Interest Rate Election and ending one, two, three or six, or, if deposits of a corresponding maturity are generally available in the London interbank market, ~~nine or~~ twelve, months thereafter, as the Borrower may elect in such notice; *provided that*:

- (a) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day; and
- (b) any Interest Period which begins on the last Euro-Dollar Business Day of a calendar month (or on a day for which there is no numerically



corresponding day in the calendar month at the end of such Interest Period) shall end on the last Euro-Dollar Business Day of a calendar month; *provided further* that no Interest Period applicable to any Loan of any Lender may end after such Lender's Commitment Termination Date.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"Investment Grade Status" exists as to any Person at any date if all senior long-term unsecured debt securities of such Person outstanding at such date which had been rated by S&P or Moody's are rated BBB- or higher by S&P or Baa3 or higher by Moody's, as the case may be, or if such Person does not have a rating of its long-term unsecured debt securities, then if the corporate credit rating of such Person, if any exists, from S&P is BBB- or higher or the issuer rating of such Person, if any exists, from Moody's is Baa3 or higher.

"Issuing Lender" means (i) each of ~~Wells Fargo, Bank of America, N.A., JPMorgan Chase Bank, N.A., Mizuho Bank, Ltd., Bank of China, New York Branch, Barclays Bank PLC, Citibank, N.A., Credit Suisse AG, Cayman Islands Branch, JPMorgan Chase Bank, N.A., The Bank of Tokyo-Mitsubishi UFJ, Ltd., The and Royal Bank of Scotland plc, UBS AG, Stamford Branch and Wells Fargo Canada and~~ and (ii) any other Lender that may agree to issue letters of credit hereunder, in each case as issuer of a Letter of Credit hereunder. No Issuing Lender shall be obligated to issue any Letter of Credit hereunder if, after giving effect thereto, the aggregate Letter of Credit Liabilities in respect of all Letters of Credit issued by such Issuing Lender hereunder would exceed (i) in the case of each Issuing Lender named in clause (i) above, ~~\$80,000,000~~ 40,000,000 (as such amount may be modified from time to time by agreement between the Company and such Issuing Lender) or (ii) with respect to any other Issuing Lender, such amount (if any) as may be agreed for this purpose from time to time by such Issuing Lender and the Company. For avoidance of doubt, the limitations in the preceding sentence are for the exclusive benefit of the respective Issuing Lenders, are incremental to the other limitations specified herein on the availability of Letters of Credit and do not affect such other limitations.

"Joinder Agreement" means a joinder agreement between each Progress Borrower and the Administrative Agent in substantially the form of Exhibit H.

"Lender" means each bank or other financial institution listed on the signature pages hereof, each Additional Lender, each Assignee which becomes a Lender pursuant to Section 9.06(c), and their respective successors. Each reference herein to a "Lender" shall, unless the context otherwise requires, include the Swingline Lender and each Issuing Lender in such capacity.

"Lender Party" means any of the Lenders, the Issuing Lenders and the Agents.

"Letter of Credit" means a stand-by letter of credit issued or to be issued hereunder by an Issuing Lender in accordance with Section 2.15, including ~~the Existing~~

~~Duke Letters of Credit and, on and after the Second Third Amendment Effective Date, the Existing Progress Duke Letters of Credit and the Existing Piedmont Letters of Credit.~~

“**Letter of Credit Liabilities**” means, for any Lender and at any time, such Lender’s ratable participation in the sum of (x) the amounts then owing by all Borrowers in respect of amounts drawn under Letters of Credit and (y) the aggregate amount then available for drawing under all Letters of Credit.

“**LIBOR Market Index Rate**” means, for any day, the rate for one month U.S. dollar deposits as appears on the display designated as Reuters Screen LIBOR01 Page (or on any successor or substitute page of such service or any successor to or, if such service is not available, substitute for such service providing rate quotations comparable to those currently provided on such page of such service, as reasonably determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to U.S. dollar deposits are offered to leading banks in the London interbank deposit market), approximately 11:00 a.m. London time, for such day; or if such day is not a Euro-Dollar Business Day, for the immediately preceding Euro-Dollar Business Day (or if not so reported, then as determined by the Administrative Agent from another recognized source or interbank quotation); provided, that, if the LIBOR Market Index Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“**Lien**” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset. For the purposes of this Agreement, any Borrower or any of its Subsidiaries shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

“**Loan**” means a Revolving Credit Loan or a Swingline Loan; *provided* that Swingline Loans shall be subject to only those provisions of Article 2 which are specifically made applicable to Swingline Loans.

“**London Interbank Offered Rate**” has the meaning set forth in Section 2.06(b).

“**Long-Dated Letter of Credit**” means a Letter of Credit having an expiry date later than the fifth Domestic Business Day prior to the Commitment Termination Date of the Issuing Lender.

“**Material Debt**” means, with respect to any Borrower, Indebtedness of such Borrower or any of its Material Subsidiaries (other than any Non-Recourse Indebtedness) in an aggregate principal amount exceeding \$150,000,000.

“**Material Plan**” has the meaning set forth in Section 6.01(i).

“**Material Subsidiary**” means at any time, with respect to any Borrower, any Subsidiary of such Borrower whose total assets exceeds 15% of the total assets (after intercompany eliminations) of such Borrower and its Subsidiaries, determined on a

consolidated basis in accordance with GAAP, all as reflected in the consolidated financial statements of such Borrower most recently delivered to the Administrative Agent and the Lenders pursuant to Section 5.01(a) or 5.01(b).

“**Maximum Sublimit**” means, with respect to each Borrower, the amount set forth opposite its name in the table below, as such amount may be increased from time to time pursuant to Section 2.17:

<u>Borrower</u>	<u>Maximum Sublimit</u>
Company	<del>\$4,700,000,000</del> <u>\$1,850,000,000</u>
Duke Energy Carolinas	\$1,800,000,000
Duke Energy Progress	\$1,400,000,000
Duke Energy Florida	\$1,200,000,000
Duke Energy Indiana	\$1,000,000,000
<u>Piedmont</u>	<u>\$850,000,000</u>
Duke Energy Ohio	\$725,000,000
Duke Energy Kentucky	\$175,000,000

“**Merger Agreement**” means that certain Agreement and Plan of Merger dated as of January 8, 2011 among the company, Diamond Acquisition Corporation and Progress Energy, Inc., as amended, modified or supplemented from time to time.

“**Merger Effective Date**” means the date of the closing of the transaction contemplated under the Merger Agreement.

“**Moody’s**” means Moody’s Investors Service, Inc. (or any successor thereto).

“**Mortgage Indenture**” means in the case of each of Duke Energy Carolinas, Duke Energy Ohio, Duke Energy Indiana, Duke Energy Kentucky, Duke Energy Progress and Duke Energy Florida, the Duke Energy Carolinas Mortgage, the Duke Energy Ohio First Mortgage Trust Indenture, the Duke Energy Indiana First Mortgage Trust Indenture, the Duke Energy Kentucky First Mortgage Trust Indenture, the Duke Energy Progress Mortgage and Deed of Trust or the Duke Energy Florida Indenture, respectively.

“**Non-Consenting Lender**” means any Lender that does not approve any consent, waiver or amendment that (i) requires the approval of all affected Lenders in accordance with the terms of Section 9.05(a) and (ii) has been approved by the Required Lenders.

“**Non-Recourse Indebtedness**” means any Indebtedness incurred by a Subsidiary of the Company to develop, construct, own, improve or operate a defined facility or project (a) as to which no Borrower (i) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness but

excluding tax sharing arrangements and similar arrangements to make contributions to such Subsidiary to account for tax benefits generated by such Subsidiary), (ii) is directly or indirectly liable as a guarantor or otherwise, or (iii) constitutes the lender; (b) no default with respect to which would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Loans or the Notes) of any Borrower to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and (c) as to which the lenders will not have any recourse to the stock or assets of any Borrower or other Subsidiary (other than the stock of or intercompany loans to such Subsidiary); provided that in each case in clauses (a) and (c) above, a Borrower or other Subsidiary may provide credit support and recourse in an amount not exceeding 15% in the aggregate of any such Indebtedness.

“Notes” means promissory notes of a Borrower, in the form required by Section 2.04, evidencing the obligation of such Borrower to repay the Loans made to it, and “Note” means any one of such promissory notes issued hereunder.

“Notice of Borrowing” has the meaning set forth in Section 2.02.

“Notice of Interest Rate Election” has the meaning set forth in Section 2.09(ba).

“Notice of Issuance” has the meaning set forth in Section 2.15(b).

“OFAC” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“Other Taxes” has the meaning set forth in Section 8.04(a).

“Parent” means, with respect to any Lender, any Person controlling such Lender.

“Participant” has the meaning set forth in Section 9.06(b).

“Participant Register” has the meaning set forth in Section 9.06(b).

“Payment Date” has the meaning set forth in Section 2.15(d).

“PBGC” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Percentage” means, with respect to any Lender at any time, the percentage which the amount of its Commitment at such time represents of the aggregate amount of all the Commitments at such time; *provided* that in the case of Section 2.19 when a Defaulting Lender shall exist, “Percentage” shall mean the percentage of the total Commitments (disregarding any Defaulting Lender’s Commitment) represented by such Lender’s Commitment.

“Person” means an individual, a corporation, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

**"Piedmont"** means Piedmont Natural Gas Company, Inc., a North Carolina corporation.

**"Plan"** means at any time an employee pension benefit plan which is covered by Title IV of ERISA or Sections 412 or 430 of the Internal Revenue Code or Sections 302 and 303 of ERISA and is either (i) maintained by a member of the ERISA Group for employees of a member of the ERISA Group or (ii) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the ERISA Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

**"Pricing Schedule"** means the Pricing Schedule attached hereto.

**"Prime Rate"** means the per annum rate of interest established from time to time by the Administrative Agent at its principal office in San Francisco, California as its Prime Rate. Any change in the interest rate resulting from a change in the Prime Rate shall become effective as of 12:01 a.m. of the Domestic Business Day on which each change in the Prime Rate is announced by the Administrative Agent. The Prime Rate is a reference rate used by the Administrative Agent in determining interest rates on certain loans and is not intended to be the lowest rate of interest charged on any extension of credit to any debtor.

**"Progress Borrowers"** means Duke Energy Florida and Duke Energy Progress.

**"Quarterly Payment Date"** means the first Domestic Business Day of each January, April, July and October.

**"Regulation U"** means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

**"Reimbursement Obligation"** means, at any time, the obligation of the Borrower then outstanding under Section 2.15 to reimburse the Issuing Lender for amounts paid by the Issuing Lender in respect of any one or more drawings under a Letter of Credit.

**"Related Parties"** means, with respect to any Person, such Person's Subsidiaries and Affiliates and the partners, directors, officers, employees, agents, trustees, advisors, administrators and managers of such Person and of such Person's Subsidiaries and Affiliates.

**"Removed Borrower"** has the meaning set forth in Section 9.05(b)

**"Required Lenders"** means, at any time, Lenders having at least 51% in aggregate amount of the Aggregate Exposures at such time (exclusive in each case of the Aggregate Exposure(s) of any Defaulting Lender(s)).

**"Revolving Credit Loan"** means a loan made or to be made by a Lender pursuant to Section 2.01(a); *provided* that, if any such loan or loans (or portions thereof) are

combined or subdivided pursuant to a Notice of Interest Rate Election, the term "Revolving Credit Loan" shall refer to the combined principal amount resulting from such combination or to each of the separate principal amounts resulting from such subdivision, as the case may be.

**"Revolving Credit Period"** means, with respect to any Lender, the period from and including the Initial Effective Date to but not including its Commitment Termination Date.

**"Sanctioned Person"** means, at any time (a) any Person listed in any Sanctions-related list of specially designated Persons maintained by OFAC, the U.S. Department of State, United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom, (b) any Person that has a place of business, or is organized or resident, in a jurisdiction that is the subject of any comprehensive territorial Sanctions or (c) any Person owned or controlled by any such Person.

**"Sanctions"** means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

~~**"Second Amendment Effective Date"** means January 30, 2015, being the date on which that certain Amendment No. 2 and Consent among the Borrowers, the Lenders party thereto, the Issuing Lenders party thereto, the Swingline Lender and the Administrative Agent became effective.~~

**"Second Effective Date"** means the date on which the Delayed Additional Commitments become effective pursuant to Section 3.02.

~~**"S&P"** means Standard & Poor's Rating Financial Services LLC, a division of The McGraw-Hill Companies, Inc. subsidiary of S&P Global Inc. (or any successor thereto).~~

**"Sublimit"** means, with respect to each Borrower, its Initial Sublimit, as the same may be modified from time to time pursuant to Sections 2.08 and 2.17; *provided that* a Borrower's Sublimit shall at no time exceed such Borrower's Maximum Sublimit.

**"Subsidiary"** means, as to any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person; unless otherwise specified, "Subsidiary" means a Subsidiary of a Borrower.

**"Substantial Assets"** means, with respect to any Borrower, assets sold or otherwise disposed of in a single transaction or a series of related transactions representing 25% or more of the consolidated assets of such Borrower and its Consolidated Subsidiaries, taken as a whole.

“**Swingline Exposure**” means, with respect to any Lender, an amount equal to such Lender’s Percentage of the aggregate outstanding principal amount of Swingline Loans.

“**Swingline Lender**” means Wells Fargo, in its capacity as the Swingline Lender under the swing loan facility described in Section 2.18.

“**Swingline Loan**” means a loan made or to be made by the Swingline Lender pursuant to Section 2.18.

“**Swingline Termination Date**” means the tenth Domestic Business Day prior to Wells Fargo’s Commitment Termination Date.

“**Taxes**” has the meaning set forth in Section 8.04(a).

“**Third Amendment Effective Date**” means March 16, 2017, being the date on which Amendment No. 3 became effective.

“**Trust**” means The Doris Duke Trust, a trust established by James B. Duke by Indenture dated December 11, 1924 for the benefit of certain relatives.

“**Unfunded Vested Liabilities**” means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all benefits under such Plan, determined on a plan termination basis using the assumptions under 4001(a)(18) of ERISA, exceeds (ii) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the ERISA Group to the PBGC or the Plan under Title IV of ERISA.

“**United States**” means the United States of America, including the States and the District of Columbia, but excluding its territories and possessions.

“**U.S. Tax Compliance Certificate**” has the meaning set forth in Section 8.04(a).

“**U.S. Tax Law Change**” has the meaning set forth in Section 8.04(a).

“**Utilization Limits**” means the requirements that (i) for any Lender, the aggregate outstanding principal amount of its Loans (other than Swingline Loans) to all Borrowers hereunder plus the aggregate amount of its Letter of Credit Liabilities plus its Swingline Exposure shall at no time exceed the amount of its Commitment and (ii) for any Borrower, the aggregate outstanding principal amount of Loans to such Borrower plus the aggregate amount of Letter of Credit Liabilities in respect of Letters of Credit issued for its account shall at no time exceed its Sublimit.

“**Wells Fargo**” means Wells Fargo Bank, National Association.

“**Write-Down and Conversion Powers**” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution

Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.02. *Accounting Terms and Determinations.* Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with generally accepted accounting principles as in effect from time to time, applied on a basis consistent (except for changes concurred in by the relevant Borrower's independent public accountants) with the most recent audited consolidated financial statements of such Borrower and its Consolidated Subsidiaries delivered to the Lenders; provided, that if the Company notifies the Administrative Agent that it wishes to amend the financial covenant in Section 5.10 to eliminate the effect of any change in generally accepted accounting principles on the operation of such covenant (or if the Administrative Agent notifies the Company that the Required Lenders wish to amend Section 5.10 for such purpose), then each Borrower's compliance with such covenant shall be determined on the basis of generally accepted accounting principles as in effect immediately before the relevant change in generally accepted accounting principles became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Lenders.

Section 1.03. *Types of Borrowings.* The term "**Borrowing**" denotes the aggregation of Loans of one or more Lenders to be made to a single Borrower pursuant to Article 2 on a single date and for a single Interest Period. Borrowings are classified for purposes of this Agreement by reference to the pricing of Loans comprising such Borrowing (e.g., a "**Euro-Dollar Borrowing**" is a Borrowing comprised of Euro Dollar Loans).

## ARTICLE 2 THE CREDITS

Section 2.01. *Commitments to Lend.* (a) *Revolving Credit Loans.* During its Revolving Credit Period, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make loans to each Borrower pursuant to this subsection from time to time; *provided* that, immediately after each such loan is made, the Utilization Limits are not exceeded. Each Borrowing under this subsection shall be in an aggregate principal amount of \$10,000,000 or any larger multiple of \$1,000,000 (except that any such Borrowing may be in the aggregate amount available in accordance with Section 3.03(b)) and shall be made from the several Lenders ratably in proportion to their respective Commitments in effect on the date of Borrowing; *provided* that, if the Interest Period selected by the Borrower for a Borrowing would otherwise end after the Commitment Termination Dates of some but not all Lenders, the Borrower may in its Notice of Borrowing elect not to borrow from those Lenders whose Commitment Termination Dates fall prior to the end of such Interest Period. Within the foregoing limits, the Borrowers may borrow under this subsection (a), or to the extent permitted by Section 2.11, prepay Loans and reborrow at any time during the Revolving Credit Periods under this subsection (a).



(b) *Extension of Commitments.* (i) The Company may, so long as no Default then exists and the representations and warranties of the Borrowers contained herein are true and correct at the time of notice, upon notice to the Administrative Agent not less than 60 days but no more than 90 days prior to any anniversary of the ~~Second~~ Third Amendment Effective Date, propose to extend the Commitment Termination Dates for an additional one-year period measured from the Commitment Termination Dates then in effect; *provided* that there shall be no more than two such extensions. The Administrative Agent shall promptly notify the Lenders of receipt of such request. Each Lender shall endeavor to respond to such request, whether affirmatively or negatively (such determination in the sole discretion of such Lender), by notice to the Company and the Administrative Agent within 30 days. Subject to the execution by the Borrowers, the Administrative Agent and such Lenders of a duly completed Extension Agreement in substantially the form of Exhibit E, the Commitment Termination Date applicable to the Commitment of each Lender so affirmatively notifying the Company and the Administrative Agent shall be extended for the period specified above; *provided* that no Commitment Termination Date of any Lender shall be extended unless Lenders having Commitments in an aggregate amount equal to at least 51% of the Commitments in effect at the time any such extension is requested shall have elected so to extend their Commitments.

(ii) Any Lender which does not give such notice to the Company and the Administrative Agent shall be deemed to have elected not to extend as requested, and the Commitment of each non-extending Lender shall terminate on its Commitment Termination Date determined without giving effect to such requested extension. The Company may, in accordance with Section 8.06, designate another bank or other financial institution (which may be, but need not be, an extending Lender) to replace a non-extending Lender. On the date of termination of any Lender's Commitment as contemplated by this paragraph, the respective participations of the other Lenders in all outstanding Letters of Credit and Swingline Loans shall be redetermined on the basis of their respective Commitments after giving effect to such termination, and the participation therein of the Lender whose Commitment is terminated shall terminate; *provided* that the Borrowers shall, if and to the extent necessary to permit such redetermination of participations in Letters of Credit and Swingline Loans within the limits of the Commitments which are not terminated, prepay on such date all or a portion of the outstanding Loans or, to the extent that such redetermination cannot be effected within the limits of the Commitments even after all outstanding Loans have been prepaid, then the Borrowers shall Cash Collateralize the Letters of Credit to the extent of the excess, and such redetermination and termination of participations in outstanding Letters of Credit and Swingline Loans shall be conditioned upon their having done so.

Section 2.02. *Notice of Borrowings.* The Borrower shall give the Administrative Agent notice (a "Notice of Borrowing") not later than 11:00 A.M. (Eastern time) on (x) the date of each Base Rate Borrowing and (y) the third Euro-Dollar Business Day before each Euro-Dollar Borrowing, specifying:

- (a) the date of such Borrowing, which shall be a Domestic Business Day in the case of a ~~Domestic~~ Base Rate Borrowing or a Euro-Dollar Business Day in the case of a Euro-Dollar Borrowing;
- (b) the aggregate amount of such Borrowing;
- (c) whether the Loans comprising such Borrowing are to bear interest initially at the Base Rate or a Euro-Dollar Rate;
- (d) in the case of a Euro-Dollar Borrowing, the duration of the initial Interest Period applicable thereto, subject to the provisions of the definition of Interest Period; and
- (e) if applicable, the designation contemplated by the definition of Borrower Maturity Date.

Unless the Borrower shall have given notice to Administrative Agent not later than 11:00 A.M. (Eastern time) on the date on which any payment of a Reimbursement Obligation is due to an Issuing Lender or on the scheduled date of maturity of a Swingline Loan to the effect that the Borrower will make such payment with funds from another source, the Borrower shall be deemed to have given a Notice of Borrowing for a Base Rate Borrowing on such date in the minimum amount permitted by Section 2.01 that equals or exceeds the amount of such Reimbursement Obligation or Swingline Loan.

Section 2.03. *Notice to Lenders; Funding of Loans.* (a) Upon receipt (or deemed receipt) of a Notice of Borrowing, the Administrative Agent shall promptly notify each Lender of the contents thereof and of such Lender's share (if any) of such Borrowing and such Notice of Borrowing shall not thereafter be revocable by the Borrower.

(b) Not later than 1:00 P.M. (Eastern time) on the date of each Borrowing, each Lender participating therein shall (except as provided in subsection (c) of this Section) make available its share of such Borrowing, in Federal or other immediately available funds, to the Administrative Agent at its address specified in or pursuant to Section 9.01. Unless the Administrative Agent determines that any applicable condition specified in Article 3 has not been satisfied, the Administrative Agent will disburse the funds so received from the Lenders to an account designated by an Approved Officer of the Borrower; *provided* that to the extent that all or a portion of such Borrowing is to be applied to a Reimbursement Obligation or a Swingline Loan of the Borrower as contemplated by Sections 2.02 and 2.18(h), the Administrative Agent shall distribute to the applicable Issuing Lender or the Swingline Lender, as the case may be, the appropriate portion of such funds.

(c) Unless the Administrative Agent shall have received notice from a Lender prior to 1:00 P.M. (Eastern time) on the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available to the Administrative Agent on the date of such Borrowing in accordance with subsection (b) of this Section 2.03 and the Administrative Agent may, in reliance upon such assumption,

make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such share available to the Administrative Agent, such Lender and, if such Lender shall not have made such payment within two Domestic Business Days of demand therefor, the Borrower agrees to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of the Borrower, a rate per annum equal to the higher of the Federal Funds Rate and the interest rate applicable thereto pursuant to Section 2.06 and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Administrative Agent such corresponding amount, such amount so repaid shall constitute such Lender's Loan included in such Borrowing for purposes of this Agreement.

(d) The failure of any Lender to make the Loan to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make a Loan on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make a Loan to be made by such other Lender.

Section 2.04. *Registry; Notes.* (a) The Administrative Agent shall maintain a register (the "Register") on which it will record the Commitment of each Lender, each Loan made by such Lender and each repayment of any Loan made by such Lender. Any such recordation by the Administrative Agent on the Register shall be conclusive, absent manifest error. Failure to make any such recordation, or any error in such recordation, shall not affect the Borrowers' obligations hereunder.

(b) Each Borrower hereby agrees that, promptly upon the request of any Lender at any time, such Borrower shall deliver to such Lender a duly executed Note, in substantially the form of Exhibit A hereto, payable to such Lender or its registered assigns as permitted pursuant to Section 9.06 and representing the obligation of such Borrower to pay the unpaid principal amount of the Loans made to such Borrower by such Lender, with interest as provided herein on the unpaid principal amount from time to time outstanding.

(c) Each Lender shall record the date, amount and maturity of each Loan (including Swingline Loans) made by it and the date and amount of each payment of principal made by the Borrower with respect thereto, and each Lender receiving a Note pursuant to this Section, if such Lender so elects in connection with any transfer or enforcement of its Note, may endorse on the schedule forming a part thereof appropriate notations to evidence the foregoing information with respect to each such Loan then outstanding; *provided* that the failure of such Lender to make any such recordation or endorsement shall not affect the obligations of any Borrower hereunder or under the Notes. Such Lender is hereby irrevocably authorized by each Borrower so to endorse its Note and to attach to and make a part of its Note a continuation of any such schedule as and when required.

Section 2.05. *Maturity of Loans.* Each Revolving Credit Loan made by any Lender shall mature, and the principal amount thereof shall be due and payable together with

accrued interest thereon, on the earlier of the Commitment Termination Date of such Lender and the applicable Borrower Maturity Date (if any).

Section 2.06. *Interest Rates.* (a) Each Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is made until it becomes due, at a rate per annum equal to the sum of the Applicable Margin for such day plus the Base Rate for such day. Such interest shall be payable quarterly in arrears on each Quarterly Payment Date, at maturity and on the date of termination of the Commitments in their entirety. Any overdue principal of or overdue interest on any Base Rate Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of 1% plus the Applicable Margin for such day plus the Base Rate for such day.

(b) Each Euro-Dollar Loan shall bear interest on the outstanding principal amount thereof, for each day during each Interest Period applicable thereto, at a rate per annum equal to the sum of the Applicable Margin for such day plus the London Interbank Offered Rate applicable to such Interest Period. Such interest shall be payable for each Interest Period on the last day thereof and, if such Interest Period is longer than three months, at intervals of three months after the first day thereof.

The "London Interbank Offered Rate" applicable to any Interest Period means the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such service, or any successor to or, if such service is not available, substitute for such service providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to U.S. dollar deposits that are offered to leading banks in the London interbank deposit market) at approximately 11:00 A.M. (London time) two Euro-Dollar Business Days prior to the commencement of such Interest Period, as the rate for U.S. dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not so available at such time for any reason, then the "London Interbank Offered Rate" for such Interest Period shall be the average (rounded upward, if necessary, to the next higher 1/16 of 1%) of the respective rates per annum at which deposits in U.S. dollars are offered to leading banks in the London interbank market at approximately 11:00 A.M. (London time) two Euro-Dollar Business Days before the first day of such Interest Period in an amount approximately equal to the principal amount of the Loan of such leading banks to which such Interest Period is to apply and for a period of time comparable to such Interest Period. If the London-Interbank Offered Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

(c) Any overdue principal of or overdue interest on any Euro-Dollar Loan shall bear interest, payable on demand, for each day from and including the date payment thereof was due to but excluding the date of actual payment, at a rate per annum equal to the sum of 1% plus the higher of (i) the sum of the Applicable Margin for such day plus the London Interbank Offered Rate applicable to such Loan at the date such payment was due and (ii) the rate applicable to Base Rate Loans for such day.

(d) The Administrative Agent shall determine each interest rate applicable to the Loans hereunder. The Administrative Agent shall give prompt notice to the Borrower and the participating Lenders by facsimile of each rate of interest so determined, and its determination thereof shall be conclusive in the absence of manifest error unless the Borrower raises an objection thereto within five Domestic Business Days after receipt of such notice.

Section 2.07. ~~Fees—Section 2.08.~~ (a) *Facility Fees.* Each Borrower shall pay to the Administrative Agent, for the account of the Lenders ratably in proportion to their related Borrower Exposures, a facility fee calculated for each day at the Facility Fee Rate for such day (determined in accordance with the Pricing Schedule) on the aggregate amount of such Borrower's Borrower Exposures on such day. Such facility fee shall accrue for each day from and including the Initial Effective Date but excluding the day on which the related Borrower Exposures are reduced to zero.

(b) *Letter of Credit Fees.* The Borrower shall pay to the Administrative Agent (i) for the account of the Lenders ratably a letter of credit fee accruing daily on the aggregate amount then available for drawing under all outstanding Letters of Credit issued for its account at a rate per annum equal to the then Applicable Margin for Euro-Dollar Loans and (ii) for the account of each Issuing Lender a letter of credit fronting fee accruing daily on the aggregate amount then available for drawing under all Letters of Credit issued by such Issuing Lender for its account at a rate per annum of 0.20% (or such other rate as may be mutually agreed from time to time by the Borrower and such Issuing Lender).

(c) *Ticking Fee.* The Company shall pay to the Administrative Agent, for the account of the Lenders ratably in proportion to their Percentages, a ticking fee calculated for each day at the Facility Fee Rate for such day (determined in accordance with the Pricing Schedule) on the aggregate amount of Delayed Additional Commitments, such fee to accrue beginning on the date that is 90 days after the Initial Effective Date and ending on the earliest of (i) the Second Effective Date, (ii) July 8, 2012, and (iii) the date on which the Merger Agreement is terminated.

(d) *Payments.* Accrued fees under this Section for the account of any Lender shall be payable quarterly in arrears on each Quarterly Payment Date and upon such Lender's Commitment Termination Date (and, if later, the date the Borrower Exposure of such Lender in respect of any Borrower is reduced to zero).

Section ~~2.092.08.~~ *Optional Termination or Reduction of Sublimits; Changes to Sublimits.* (a) The Company may, upon not less than three Domestic Business Days' notice to the Administrative Agent, reallocate amounts of the Commitments among the respective Sublimits of the Borrowers (*i.e.*, reduce the Sublimits of one or more Borrowers and increase the Sublimits of one or more other Borrowers by the same aggregate amount); *provided* (i) each Sublimit shall be a multiple of \$5,000,000 at all times, (ii) a Borrower's Sublimit may not be reduced to an amount less than the sum of the aggregate outstanding principal amount of Loans to such Borrower plus the aggregate amount of Letter of Credit Liabilities in respect of Letters of Credit issued for its account,

(iii) a Borrower's Sublimit may not be increased to an amount greater than its Maximum Sublimit, (iv) the sum of the Sublimits of the respective Borrowers shall at all times equal the aggregate amount of the Commitments and (v) any such increase in a Borrower's Sublimit shall be accompanied or preceded by evidence reasonably satisfactory to the Administrative Agent as to appropriate corporate authorization therefor.

(b) Each Borrower other than the Company may, upon at least three Domestic Business Days' notice to the Administrative Agent, reduce its Sublimit (i) to zero, if no Loans to it or Letter of Credit Liabilities for its account are outstanding or (ii) by an amount of \$10,000,000 or any larger multiple of \$5,000,000 so long as, after giving effect to such reduction, its Sublimit is not less than the sum of the aggregate principal amount of Loans outstanding to it and the aggregate Letter of Credit Liabilities outstanding for its account. Upon any reduction in the Sublimit of a Borrower to zero pursuant to this Section 2.08(b), such Borrower shall cease to be a Borrower hereunder. The aggregate amount of the Commitments will be automatically and simultaneously reduced by the amount of each reduction in any Sublimit pursuant to this Section 2.08(b) or pursuant to Section 6.01.

~~Section 2.02.09~~ *Method of Electing Interest Rates.* (a) The Loans included in each Borrowing shall bear interest initially at the type of rate specified by the Borrower in the applicable Notice of Borrowing. Thereafter, the Borrower may from time to time elect to change or continue the type of interest rate borne by each Group of Loans (subject in each case to the provisions of Article 8 and the last sentence of this subsection (a)), as follows:

- (i) if such Loans are Base Rate Loans, the Borrower may elect to convert such Loans to Euro-Dollar Loans as of any Euro-Dollar Business Day; and
- (ii) if such Loans are Euro-Dollar Loans, the Borrower may elect to convert such Loans to Base Rate Loans or elect to continue such Loans as Euro-Dollar Loans for an additional Interest Period, subject to Section 2.13 in the case of any such conversion or continuation effective on any day other than the last day of the then current Interest Period applicable to such Loans.

Each such election shall be made by delivering a notice (a "Notice of Interest Rate Election") to the Administrative Agent not later than 11:00 A.M. (Eastern time) on the third Euro-Dollar Business Day before the conversion or continuation selected in such notice is to be effective. A Notice of Interest Rate Election may, if it so specifies, apply to only a portion of the aggregate principal amount of the relevant Group of Loans; *provided* that (i) such portion is allocated ratably among the Loans comprising such Group and (ii) the portion to which such notice applies, and the remaining portion to which it does not apply, are each \$10,000,000 or any larger multiple of \$1,000,000.

- (b) Each Notice of Interest Rate Election shall specify:
  - (i) the Group of Loans (or portion thereof) to which such notice applies;

- (ii) the date on which the conversion or continuation selected in such notice is to be effective, which shall comply with the applicable clause of subsection 2.09(a) above;
- (iii) if the Loans comprising such Group are to be converted, the new type of Loans and, if the Loans being converted are to be Euro-Dollar Loans, the duration of the next succeeding Interest Period applicable thereto; and
- (iv) if such Loans are to be continued as Euro-Dollar Loans for an additional Interest Period, the duration of such additional Interest Period.

Each Interest Period specified in a Notice of Interest Rate Election shall comply with the provisions of the definition of the term "Interest Period".

(c) Promptly after receiving a Notice of Interest Rate Election from the Borrower pursuant to subsection 2.09(a) above, the Administrative Agent shall notify each Lender of the contents thereof and such notice shall not thereafter be revocable by the Borrower. If no Notice of Interest Rate Election is timely received prior to the end of an Interest Period for any Group of Loans, the Borrower shall be deemed to have elected that such Group of Loans be converted to Base Rate Loans as of the last day of such Interest Period.

(d) An election by the Borrower to change or continue the rate of interest applicable to any Group of Loans pursuant to this Section shall not constitute a "Borrowing" subject to the provisions of Section 3.03.

~~Section 2.12.10.~~ *Mandatory Termination of Commitments.* The Commitment of each Lender shall terminate on such Lender's Commitment Termination Date.

~~Section 2.12.11.~~ *Optional Prepayments.* (a) The Borrower may (i) upon notice to the Administrative Agent not later than 11:00 A.M. (Eastern time) on any Domestic Business Day prepay on such Domestic Business Day any Group of Base Rate Loans and (ii) upon at least three Euro-Dollar Business Days' notice to the Administrative Agent not later than 11:00 A.M. (Eastern time) prepay any Group of Euro-Dollar Loans, in each case in whole at any time, or from time to time in part in amounts aggregating \$5,000,000 or any larger multiple of \$1,000,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment and together with any additional amounts payable pursuant to Section 2.13. Each such optional prepayment shall be applied to prepay ratably the Loans of the several Lenders included in such Group or Borrowing.

(b) Upon receipt of a notice of prepayment pursuant to this Section, the Administrative Agent shall promptly notify each Lender of the contents thereof and of such Lender's share (if any) of such prepayment and such notice shall not thereafter be revocable by the Borrower.

~~Section 2.12.12.~~ *General Provisions as to Payments.* (a) The Borrower shall make each payment of principal of, and interest on, the Loans and of fees hereunder, not later

than 1:00 P.M. (Eastern time) on the date when due, in Federal or other funds immediately available in New York City, to the Administrative Agent at its address referred to in Section 9.01 and without reduction by reason of any set-off, counterclaim or deduction of any kind. The Administrative Agent will promptly distribute to each Lender in like funds its ratable share of each such payment received by the Administrative Agent for the account of the Lenders. Whenever any payment of principal of, or interest on, the Base Rate Loans, Swingline Loans or Letter of Credit Liabilities or of fees shall be due on a day which is not a Domestic Business Day, the date for payment thereof shall be extended to the next succeeding Domestic Business Day. Whenever any payment of principal of, or interest on, the Euro-Dollar Loans shall be due on a day which is not a Euro-Dollar Business Day, the date for payment thereof shall be extended to the next succeeding Euro-Dollar Business Day unless such Euro-Dollar Business Day falls in another calendar month, in which case the date for payment thereof shall be the next preceding Euro-Dollar Business Day. If the date for any payment of principal is extended by operation of law or otherwise, interest thereon shall be payable for such extended time.

(b) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date and the Administrative Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent that the Borrower shall not have so made such payment, each Lender shall repay to the Administrative Agent forthwith on demand such amount distributed to such Lender together with interest thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Administrative Agent, at the Federal Funds Rate.

Section ~~2.142.13~~, *Funding Losses*. If the Borrower makes any payment of principal with respect to any Euro-Dollar Loan (other than payments made by an Assignee pursuant to Section 8.06(a) or by the Borrower pursuant to Section 8.06(b) in respect of a Defaulting Lender's Euro-Dollar Loans) or any Euro-Dollar Loan is converted to a Base Rate Loan or continued as a Euro-Dollar Loan for a new Interest Period (pursuant to Article 2, 6 or 8 or otherwise) on any day other than the last day of an Interest Period applicable thereto, or if the Borrower fails to borrow, prepay, convert or continue any Euro-Dollar Loans after notice has been given to any Lender in accordance with Section 2.03(a), 2.09(c) or 2.11(b), the Borrower shall reimburse each Lender within 15 days after demand for any resulting loss or expense incurred by it (or by an existing or prospective Participant in the related Loan), including (without limitation) any loss incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after any such payment or conversion or failure to borrow, prepay, convert or continue; *provided* that such Lender shall have delivered to the Borrower a certificate setting forth in reasonable detail the calculation of the amount of such loss or expense, which certificate shall be conclusive in the absence of manifest error.



Section ~~2-452.14~~ 2-452.14. *Computation of Interest and Fees.* Interest based on clause (a) of the definition of Base Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and paid for the actual number of days elapsed (including the first day but excluding the last day). All other interest and all fees shall be computed on the basis of a year of 360 days and paid for the actual number of days elapsed (including the first day but excluding the last day).

Section ~~2-462.15~~ 2-462.15. *Letters of Credit.*

(a) Subject to the terms and conditions hereof, each Issuing Lender agrees to issue Letters of Credit hereunder in form and substance reasonably satisfactory to such Issuing Lender and the Administrative Agent, from time to time until the fifth Domestic Business Day prior to its Commitment Termination Date upon the request and for the account of any Borrower; *provided* that, immediately after each Letter of Credit is issued, (i) the Utilization Limits shall not be exceeded and (ii) the aggregate amount of the Letter of Credit Liabilities shall not exceed \$800,000,000. Upon the date of issuance by the Issuing Lender of a Letter of Credit, the Issuing Lender shall be deemed, without further action by any party hereto, to have sold to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have purchased from the Issuing Lender, a participation to the extent of its Percentage in such Letter of Credit and the related Letter of Credit Liabilities.

(b) The Borrower shall give the Issuing Lender notice, in form and substance reasonably satisfactory to the Issuing Lender and the Administrative Agent, at least three Domestic Business Days prior to the requested issuance of a Letter of Credit, or in the case of a Letter of Credit substantially in the form of Exhibit G, at least one Business Day prior to the requested issuance of such Letter of Credit, specifying the date such Letter of Credit is to be issued and describing the terms of such Letter of Credit (such notice, including any such notice given in connection with the extension of a Letter of Credit, a "Notice of Issuance"), substantially in the form of Exhibit F, appropriately completed. Upon receipt of a Notice of Issuance, the Issuing Lender shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each Lender of the contents thereof and of the amount of such Lender's participation in such Letter of Credit. The issuance by the Issuing Lender of each Letter of Credit shall, in addition to the conditions precedent set forth in Article 3, be subject to the conditions precedent that such Letter of Credit shall be denominated in U.S. dollars and shall be in such form and contain such terms as shall be reasonably satisfactory to the Issuing Lender. Unless otherwise notified by the Administrative Agent, the Issuing Lender may, but shall not be required to, conclusively presume that all conditions precedent set forth in Article 3 have been satisfied. The Borrower shall also pay to each Issuing Lender for its own account issuance, drawing, amendment and extension charges in the amounts and at the times as agreed between the Borrower and such Issuing Lender. Except for non-substantive amendments to any Letter of Credit for the purpose of correcting errors or ambiguities or to allow for administrative convenience (which amendments each Issuing Lender may make in its discretion with the consent of the Borrower), the amendment, extension or renewal of any Letter of Credit shall be deemed to be an issuance of such Letter of Credit. If any Letter of Credit contains a provision pursuant to which it is deemed to be

automatically renewed unless notice of termination is given by the Issuing Lender of such Letter of Credit, the Issuing Lender shall timely give notice of termination if (i) as of close of business on the seventeenth day prior to the last day upon which the Issuing Lender's notice of termination may be given to the beneficiaries of such Letter of Credit, the Issuing Lender has received a notice of termination from the Borrower or a notice from the Administrative Agent that the conditions to issuance of such Letter of Credit have not been satisfied or (ii) the renewed Letter of Credit would have a term not permitted by subsection (c) below.

(c) No Letter of Credit shall have a term extending beyond the first anniversary of the Commitment Termination Date of the applicable Issuing Lender.

(d) Upon receipt from the beneficiary of any applicable Letter of Credit of any notice of a drawing under such Letter of Credit, the Issuing Lender shall notify the Administrative Agent and the Administrative Agent shall promptly notify the Borrower and each other Lender as to the amount to be paid as a result of such demand or drawing and the ~~payment date such payment is to be made by the Issuing Lender (the "Payment Date")~~. The Borrower shall be irrevocably and unconditionally obligated forthwith to reimburse the Issuing Lender for any amounts paid by the Issuing Lender upon any drawing under any Letter of Credit without presentment, demand, protest or other formalities of any kind, Such reimbursement shall be due on the Payment Date; provided that no such payment shall be due from the Borrower any earlier than the date of receipt by it of notice of its obligation to make such payment (or, if such notice is received by the Borrower after 12:00 Noon (Eastern time) on any date, on the next succeeding Domestic Business Day). All such amounts paid by the Issuing Lender and remaining unpaid by the Borrower shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the Base Rate for such day plus, if such amount remains unpaid for more than two Domestic Business Days, 1%. In addition, each Lender will pay to the Administrative Agent, for the account of the applicable Issuing Lender, immediately upon such Issuing Lender's demand at any time during the period commencing after such drawing until reimbursement therefor in full by the Borrower, an amount equal to such Lender's ratable share of such drawing (in proportion to its participation therein), together with interest on such amount for each day from the date of the Issuing Lender's demand for such payment (or, if such demand is made after 12:00 Noon (Eastern time) on such date, from the next succeeding Domestic Business Day) to the date of payment by such Lender of such amount at a rate of interest per annum equal to the Federal Funds Rate and, if such amount remains unpaid for more than five Domestic Business Days after the Issuing Lender's demand for such payment, at a rate of interest per annum equal to the Base Rate plus 1%. The Issuing Lender will pay to each Lender ratably all amounts received from the Borrower for application in payment of its reimbursement obligations in respect of any Letter of Credit, but only to the extent such Lender has made payment to the Issuing Lender in respect of such Letter of Credit pursuant hereto.

(e) The obligations of the Borrower and each Lender under subsection (d) above shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, under all circumstances whatsoever, including without limitation the following circumstances:

- (i) the use which may be made of the Letter of Credit by, or any acts or omission of, a beneficiary of a Letter of Credit (or any Person for whom the beneficiary may be acting);
- (ii) the existence of any claim, set-off, defense or other rights that the Borrower may have at any time against a beneficiary of a Letter of Credit (or any Person for whom the beneficiary may be acting), the Lenders (including the Issuing Lender) or any other Person, whether in connection with this Agreement or the Letter of Credit or any document related hereto or thereto or any unrelated transaction;
- (iii) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;
- (iv) payment under a Letter of Credit to the beneficiary of such Letter of Credit against presentation to the Issuing Lender of a draft or certificate that does not comply with the terms of the Letter of Credit; *provided* that the determination by the Issuing Lender to make such payment shall not have been the result of its willful misconduct or gross negligence as determined by a court of competent jurisdiction; ~~or~~
- (v) any other act or omission to act or delay of any kind by any Lender (including the Issuing Lender), the Administrative Agent or any other Person or any other event or circumstance whatsoever that might, but for the provisions of this subsection (v), constitute a legal or equitable discharge of the Borrower's or the Lender's obligations hereunder; or
- (vi) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein or herein.
- (f) The Borrower hereby indemnifies and holds harmless each Lender (including the Issuing Lender) and the Administrative Agent from and against any and all claims, damages, losses, liabilities, costs or expenses which such Lender or the Administrative Agent may incur (including, without limitation, any claims, damages, losses, liabilities, costs or expenses which the Issuing Lender may incur by reason of or in connection with (i) the failure of any other Lender to fulfill or comply with its obligations to such Issuing Lender hereunder (but nothing herein contained shall affect any rights the Borrower may have against any Defaulting Lender) or (ii) any litigation arising with respect to any Letter of Credit issued under this Agreement (whether or not the Issuing Lender shall prevail in such litigation)), and none of the Lenders (including the Issuing Lender) nor the Administrative Agent nor any of their officers or directors or employees or agents shall be liable or responsible, by reason of or in connection with the execution and delivery or transfer of or payment or failure to pay under any Letter of Credit, including without limitation any of the circumstances enumerated in subsection 2.15(e) above, as well as (i) any error, omission, interruption or delay in transmission or delivery of any messages, by mail, facsimile or otherwise, (ii) any loss or delay in the transmission of any document required in order to make a drawing under a Letter of Credit and (iii) any consequences arising from causes beyond the control of the Issuing

Lender, including, without limitation, any government acts or any other circumstances whatsoever, in making or failing to make payment under such Letter of Credit; *provided that* the Borrower shall not be required to indemnify the Issuing Lender for any claims, damages, losses, liabilities, costs or expenses, and the Borrower shall have a claim for direct (but not consequential) damage suffered by it, to the extent found by a court of competent jurisdiction to have been caused by (x) the willful misconduct or gross negligence of the Issuing Lender in determining whether a request presented under any Letter of Credit complied with the terms of such Letter of Credit or (y) the Issuing Lender's failure to pay under any Letter of Credit after the presentation to it of a request strictly complying with the terms and conditions of the Letter of Credit. Nothing in this subsection 2.15(f) is intended to limit the obligations of the Borrower under any other provision of this Agreement. To the extent the Borrower does not indemnify the Issuing Lender as required by this subsection, the Lenders agree to do so ratably in accordance with their Commitments.

(g) The Issuing Lender shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the Issuing Lender shall have all of the benefits and immunities (i) provided to the Administrative Agent in Article 7 (other than Sections 7.08 and 7.09) with respect to any acts taken or omissions suffered by the Issuing Lender in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article 7 included the Issuing Lender with respect to such acts or omissions and (ii) as additionally provided herein with respect to the Issuing Lender.

(h) On ~~(i) the Initial Third Amendment~~ Effective Date, (i) each Issuing Lender that has issued an Existing Duke Letter of Credit shall be deemed, without further action by any party hereto, to have granted to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have acquired from the Issuing Lender, a participation in such Existing Duke Letter of Credit and the related Letter of Credit Liabilities in the proportion its respective Commitment bears to the aggregate Commitments and (ii) ~~the Second Effective Date~~, each Issuing Lender that has issued an Existing ~~ProgressPiedmont~~ Letter of Credit shall be deemed, without further action by any party hereto, to have granted to each Lender, and each Lender shall be deemed, without further action by any party hereto, to have acquired from the Issuing Lender, a participation in such Existing ~~ProgressPiedmont~~ Letter of Credit and the related Letter of Credit Liabilities in the proportion its respective Commitment bears to the aggregate Commitments. On and after the ~~Initial Third Amendment~~ Effective Date, each Existing Duke Letter of Credit shall constitute a Letter of Credit for all purposes hereof, and on and after the ~~Second Effective Date~~, and each Existing ~~ProgressPiedmont~~ Letter of Credit shall constitute a Letter of Credit for all purposes hereof and, in the case of each Existing ~~Progress~~ Letter of Credit, shall be deemed to have been issued hereunder at the request and for the account of the Company.

(i) By the 90th day preceding the Commitment Termination Date of the Issuing Lender (or if such 90th day is not a Domestic Business Day, then on the next preceding Domestic Business Day) (and on any subsequent date of issuance of a Long-Dated Letter

of Credit), the Borrower shall Cash Collateralize all outstanding Long-Dated Letters of Credit (or such Long-Dated Letter or Credit).

(j) Any increase in the Commitments pursuant to Section 2.17 shall be subject to the condition that each Issuing Lender that at the time has an outstanding Letter of Credit shall have given its written consent to each Additional Lender and each increase in the Commitment of an existing Lender (such consent not to be unreasonably withheld or delayed). The Company shall request a similar consent from any other Issuing Lender (not to be unreasonably withheld or delayed) prior to requesting a Letter of Credit to be issued by such Issuing Lender. Any such other Issuing Lender that refuses to so consent shall thereupon cease to be an Issuing Lender hereunder, although the provisions of this Agreement applicable to Issuing Lenders shall continue to apply to it with respect to the period during which such Lender was an Issuing Lender. Any such Issuing Lender's refusal to consent shall have no impact on any increases in the Commitments previously made.

(k) The participation of each Lender in any outstanding Letter of Credit, and its obligations under this Section 2.15 with respect thereto, shall terminate on its Commitment Termination Date, *provided* that if and to the extent required hereunder, the Borrower shall have timely Cash Collateralized each such Letter of Credit.

(l) In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Lender relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

~~Section 2.172.16.~~ *Regulation D Compensation.* In the event that a Lender is required to maintain reserves of the type contemplated by the definition of "Euro-Dollar Reserve Percentage", such Lender may require the Borrower to pay, contemporaneously with each payment of interest on the Euro-Dollar Loans, additional interest on the related Euro-Dollar Loan of such Lender at a rate per annum determined by such Lender up to but not exceeding the excess of (i) (A) the applicable London Interbank Offered Rate divided by (B) one *minus* the Euro-Dollar Reserve Percentage over (ii) the applicable London Interbank Offered Rate. Any Lender wishing to require payment of such additional interest (x) shall so notify the Borrower and the Administrative Agent, in which case such additional interest on the Euro-Dollar Loans of such Lender shall be payable to such Lender at the place indicated in such notice with respect to each Interest Period commencing at least three Euro-Dollar Business Days after the giving of such notice and (y) shall notify the Borrower at least three Euro-Dollar Business Days prior to each date on which interest is payable on the Euro-Dollar Loans of the amount then due it under this Section. Each such notification shall be accompanied by such information as the Borrower may reasonably request.

"Euro-Dollar Reserve Percentage" means for any day, that percentage (expressed as a decimal) which is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the

maximum reserve requirement for a member bank of the Federal Reserve System in New York City with deposits exceeding five billion dollars in respect of "Eurocurrency liabilities" (or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Euro-Dollar Loans is determined or any category of extensions of credit or other assets which includes loans by a non-United States office of any Lender to United States residents).

~~Section 2.17~~ Section 2.17, *Increase in Commitments; Additional Lenders*. (a) Subsequent to the Initial Effective Date, and so long as no Default then exists or would result therefrom and the representations and warranties of the Borrowers contained herein are true and correct at such time, the Company may, upon at least 30 days' notice to the Administrative Agent (which shall promptly provide a copy of such notice to the Lenders), propose to increase the aggregate amount of the Commitments in an aggregate amount of up to ~~\$1,500,000,000~~ \$2,000,000,000 (the amount of any such increase, the "Increased Commitments"). Each Lender party to this Agreement at such time shall have the right (but no obligation), for a period of 15 days following receipt of such notice, to elect by notice to the Company and the Administrative Agent to increase its Commitment hereunder.

(b) If any Lender party to this Agreement shall not elect to increase its Commitment pursuant to subsection (a) of this Section, the Company may designate another bank or other lenders (which may be, but need not be, one or more of the existing Lenders) which at the time agree to (i) in the case of any such lender that is an existing Lender, increase its Commitment and (ii) in the case of any other such lender (an "Additional Lender"), become a party to this Agreement. The sum of the increases in the Commitments of the existing Lenders pursuant to this subsection (b) plus the Commitments of the Additional Lenders shall not in the aggregate exceed the unsubscribed amount of the Increased Commitments.

(c) An increase in the aggregate amount of the Commitments pursuant to this Section 2.17 shall become effective upon the receipt by the Administrative Agent of an agreement in form and substance satisfactory to the Administrative Agent signed by the Borrowers, by each Additional Lender, by each other Lender whose Commitment is to be increased and by each Issuing Lender whose consent is required pursuant to Section 2.15(j), setting forth the new Commitments of such Lenders and setting forth the agreement of each Additional Lender to become a party to this Agreement and to be bound by all the terms and provisions hereof, together with such evidence of appropriate corporate authorization on the part of the Borrowers with respect to the Increased Commitments and such opinions of counsel for the Borrowers with respect to the Increased Commitments as the Administrative Agent may reasonably request.

Upon any increase in the aggregate amount of the Commitments pursuant to this Section 2.17, (i) the respective Letter of Credit Liabilities and Swingline Exposures of the Lenders shall be redetermined as of the effective date of such increase and (ii) within five Domestic Business Days, in the case of any Group of Base Rate Loans then outstanding, and at the end of the then current Interest Period with respect thereto, in the case of any Group of Euro-Dollar Loans then outstanding, the Borrower shall prepay such Group of

Loans in its entirety and, to the extent the Borrower elects to do so and subject to the conditions specified in Article 3, the Borrower shall reborrow Revolving Credit Loans from the Lenders in proportion to their respective Commitments after giving effect to such increase, until such time as all outstanding Revolving Credit Loans are held by the Lenders in such proportion. In connection with any increase in the aggregate amount of the Commitments pursuant to this Section, (i) the respective Sublimits of the Borrowers shall be increased by an equal aggregate amount as the Company may direct by notice to the Administrative Agent, subject to the limitations set forth in Section 2.08(a), and (ii) the amount of the Maximum Sublimit of each Borrower shall increase ratably on a percentage basis by the same percentage as the Commitments are increased.

Section ~~2.18~~ 2.18, *Swingline Loans*. (a) *Agreement to Lend*. From time to time prior to the Swingline Termination Date, subject to the terms and conditions hereof, the Swingline Lender agrees to make Swingline Loans to each Borrower pursuant to this subsection; *provided that*, immediately after each Swingline Loan is made (i) the Utilization Limits are not exceeded and (ii) the aggregate outstanding principal amount of all Swingline Loans does not exceed \$350,000,000. Each Swingline Loan shall be in a principal amount of \$1,000,000 or any larger multiple thereof. No Swingline Loan may be used to refinance an outstanding Swingline Loan. Within the foregoing limits, the Borrower may borrow under this Section 2.18, prepay Swingline Loans and reborrow at any time prior to the Swingline Termination Date under this Section 2.18.

(b) *Swingline Borrowing Procedure*. The Borrower shall give the Swingline Lender notice not later than 2:00 P.M. (Eastern time) on the date of each Swingline Loan, specifying the amount of such Loan and the date of such borrowing, which shall be a Domestic Business Day. Not later than 3:00 P.M. (Eastern time) on the date of each Swingline Loan, the Swingline Lender shall, unless it determines that any applicable condition specified in Article 3 has not been satisfied, make available the amount of such Swingline Loan, in Federal or other immediately available funds, to the Borrower at the Swingline Lender's address specified in or pursuant to Section 9.01.

(c) *Interest*. Each Swingline Loan shall bear interest on the outstanding principal amount thereof, payable at maturity, at a rate per annum equal to the sum of the LIBOR Market Index Rate plus the Applicable Margin for such day (or such other rate per annum as the Swingline Lender and the Borrower may mutually agree). Such interest shall be payable at the maturity of such Swingline Loan and, with respect to the principal amount of any Swingline Loan prepaid pursuant to subsection (d) or (e) below, upon the date of such prepayment. Any overdue principal or interest on any Swingline Loan shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the sum of the Base Rate for such day plus 1%.

(d) *Maturity; Mandatory Prepayment*. Each Swingline Loan shall mature, and the principal amount thereof shall be due and payable, on the earlier of the date falling ten Domestic Business Days after such Loan is made and the Swingline Termination Date. In addition, on the date of each Borrowing of Revolving Credit Loans pursuant to Section 2.01, the Administrative Agent shall apply the proceeds thereof to prepay all Swingline Loans then outstanding.

(e) *Optional Prepayment.* The Borrower may prepay any Swingline Loan in whole at any time, or from time to time in part in a principal amount of \$1,000,000 or any larger multiple thereof, by giving notice of such prepayment to the Swingline Lender not later than 2:00 P.M. (Eastern time) on the date of prepayment.

(f) *Euro-Dollar Protections.* The Swingline Lender shall be entitled to the benefits of Sections 8.03 and 8.04 with respect to the Swingline Loans, and solely for this purpose such Swingline Loan shall be deemed to be a Euro-Dollar Loan having an Interest Period from and including the date such Swingline Loan was made to but not including its maturity date.

(g) *Payments.* All payments to any Swingline Lender under this Section ~~2.092.18~~ shall be made to it at its address specified in or pursuant to Section 9.01 in Federal or other immediately available funds, not later than 3:00 P.M. (Eastern time) on the date of payment.

(h) *Refunding Unpaid Swingline Loans.* If (w) any Swingline Loan is not paid in full on its maturity date and the Swingline Lender so requests, (x) the Swingline Loans become immediately due and payable pursuant to Article 6, (y) the Commitments terminate at a time any Swingline Loans are outstanding, or (z) requested by the Swingline Lender by written notice given to the Administrative Agent not later than 10:00 A.M. (Eastern time) on any Business Day, the Administrative Agent shall, by notice to the Lenders (including the Swingline Lender, in its capacity as a Lender), require each Lender to pay to the Administrative Agent for the account of the Swingline Lender an amount equal to such Lender's Percentage of the aggregate unpaid principal amount of the Swingline Loans described in clause (w), (x), (y) or (z) above, as the case may be. Such notice shall specify the date on which such payments are to be made, which shall be the first Domestic Business Day after such notice is given. Not later than 3:00 P.M. (Eastern time) on the date so specified, each Lender shall pay the amount so notified to it to the Administrative Agent at its address specified in or pursuant to Section 9.01, in Federal or other funds immediately available in New York City. Promptly upon receipt thereof, the Administrative Agent shall remit such amounts to the Swingline Lender. The amount so paid by each Lender shall constitute a Base Rate Loan to the Borrower and shall be applied by the Swingline Lender to repay the outstanding Swingline Loans.

(i) *Purchase of Participations in Swingline Loans.* If at the time Loans would have otherwise been made pursuant to Section 2.18(h), one of the events described in Section 6.01(g) or Section 6.01(h) with respect to the Borrower shall have occurred and be continuing or the Commitments shall have terminated, each Lender shall, on the date such Loans would have been made pursuant to the notice from the Administrative Agent to the Lenders referred to in Section 2.18(h) (the "Refunding Date"), purchase an undivided participating interest in the relevant Swingline Loans in an amount equal to such Lender's Percentage of the principal amount of each such Swingline Loan. On the Refunding Date, each Lender shall transfer to the Administrative Agent, for the account of the Swingline Lender, in immediately available funds, such amount.



(j) *Payments on Participated Swingline Loans.* Whenever, at any time after the Swingline Lender has received from any Lender such Lender's payment pursuant to Section 2.18(i), the Swingline Lender receives any payment on account of the Swingline Loans in which the Lenders have purchased participations pursuant to Section 2.18(i), its receipt of such payment will be as agent for and for the account of each such Lender and the Swingline Lender will promptly distribute to each such Lender its ratable share of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded); *provided* that in the event that such payment received by the Swingline Lender is required to be returned, each such Lender will return to the Swingline Lender any portion thereof previously distributed to it by the Swingline Lender.

(k) *Obligations to Refund or Purchase Participations in Swingline Loans Absolute.* Each Lender's obligation to fund a Loan as provided in Section 2.18(h) or to purchase a participating interest pursuant to Section 2.18(i) shall be absolute and unconditional and shall not be affected by any circumstance, including, without limitation, (i) any set-off, counterclaim, recoupment, defense or other right which such Lender, any Borrower or any other Person may have against the Swingline Lender or any other Person, (ii) the occurrence or continuance of a Default or the termination or reduction of any Commitments, any adverse change in the condition (financial or otherwise) of any Borrower or any other Person, any breach of this Agreement by any Borrower, any other Lender or any other Person or any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

~~Section 2.202.19.~~ *Defaulting Lenders.* If any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender, to the extent permitted by applicable law:

(a) (i) facility fees shall cease to accrue on the unused portion of the Commitment of such Defaulting Lender pursuant to Section 2.07(a) and the Aggregate Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder and (ii) ticking fees (if any) shall cease to accrue on the Delayed Additional Commitments of such Defaulting Lender pursuant to Section 2.07(c);

(b) if any Letter of Credit Liabilities or Swingline Loans exist at the time such Lender becomes a Defaulting Lender then:

(i) so long as no Default shall exist with respect to the Borrower, all or any part of the Letter of Credit Liabilities and Swingline Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Percentages but only to the extent the Utilization Limits after giving effect to such reallocation are not exceeded;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within two Domestic Business Days following notice by the Administrative Agent Cash Collateralize (or in the case of Swingline

Exposure, prepay) for the benefit of the Issuing Lender or Swingline Lender, as applicable, only the Borrower's obligations corresponding to such Defaulting Lender's Letter of Credit Liabilities and Swingline Exposure, as applicable, (after giving effect to any partial reallocation pursuant to clause (i) above) for so long as such Letter of Credit Liabilities and Swingline Exposure remain outstanding;

(iii) to the extent that the Borrower Cash Collateralizes any portion of such Defaulting Lender's Letter of Credit Liabilities pursuant to clause (ii) above, the Borrower shall not be required to pay any fees pursuant to Section 2.07(a) or pursuant to Section 2.07(b) for the account of such Defaulting Lender during the period such Defaulting Lender's Letter of Credit Liabilities are so Cash Collateralized;

(iv) to the extent that the Letter of Credit Liabilities of the non-Defaulting Lenders are reallocated pursuant to clause (i) above, then the letter of credit fees payable to the Lenders pursuant to Section 2.07(b) shall be adjusted in accordance with such non-Defaulting Lenders' Percentages;

(v) to the extent that all or any portion of such Defaulting Lender's Letter of Credit Liabilities is neither reallocated nor Cash Collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Lender or any other Lender hereunder, all letter of credit fees payable under Section 2.07(b) with respect to such Defaulting Lender's Letter of Credit Liabilities shall be payable to the Issuing Lender until all such Letter of Credit Liabilities are reallocated and/or Cash Collateralized;

(vi) so long as such Lender is a Defaulting Lender, no Issuing Lender shall be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding Letter of Credit Liabilities will be 100% covered by the Commitments of the non-Defaulting Lenders and/or Cash Collateral will be provided by the Borrower in accordance with Section 2.19(b)(ii), and participating interests in any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.19(b)(i) (and such Defaulting Lender shall not participate therein); and

(vii) so long as such Lender is a Defaulting Lender, no Swingline Lender shall be required to make any Swingline Loan, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding Swingline Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or Cash Collateral will be provided by the Borrower in accordance with Section 2.19(b)(ii), and participating interests in any new Swingline Loan shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.19(b)(i) (and such Defaulting Lender shall not participate therein);

(c) any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of a Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article 6 or otherwise) shall be applied at such time or times as may be determined by the Administrative Agent as follows:

- (i) first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder;
- (ii) second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Lender or Swingline Lender hereunder;
- (iii) third, to Cash Collateralize the Letter of Credit Liabilities and Swingline Exposure of such Defaulting Lender in accordance with Section 2.19(b) (including to replace any Cash Collateral previously provided by the Borrower);
- (iv) fourth, as the Borrower may request (so long as no Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent;
- (v) fifth, if so determined by the Administrative Agent and the Company, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the future Letter of Credit Liabilities and Swingline Exposure of such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.19(b);
- (vi) sixth, to the payment of any amounts owing to the Lenders, the Issuing Lenders or Swingline Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, any Issuing Lender or the Swingline Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement;
- (vii) seventh, so long as no Default exists, to the payment of any amounts owing to any Borrower as a result of any judgment of a court of competent jurisdiction obtained by any Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and
- (viii) eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made at a time when the conditions set forth in Section 3.03 were satisfied or waived, such payment shall be applied solely to pay the Loans of all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of such Defaulting Lender until such time as all Loans are held by the Lenders pro rata in accordance with the Commitments without giving effect to Section 2.19(b).

Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.19(c) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto; and

(d) in the event that the Administrative Agent, the Company and the Issuing Lenders agree that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Letter of Credit Liabilities of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Percentage; *provided*, that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while such Lender was a Defaulting Lender; and *provided, further*, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

ARTICLE 3  
CONDITIONS

Section 3.01. *Initial Effective Date.* This Agreement shall become effective on the date that each of the following conditions shall have been satisfied (or waived in accordance with Section 9.05(a)):

- (a) receipt by the Administrative Agent of counterparts hereof signed by each of the parties hereto (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Administrative Agent in form satisfactory to it of facsimile or other written confirmation from such party of execution of a counterpart hereof by such party);
- (b) receipt by the Administrative Agent of (i) an opinion of internal counsel of each Borrower, substantially in the form of Exhibit B hereto and (ii) an opinion of Robinson, Bradshaw & Hinson, P.A., special counsel for the Borrowers, substantially in the form of Exhibit C hereto, and, in each case, covering such additional matters relating to the transactions contemplated hereby as the Required Lenders may reasonably request;
- (c) receipt by the Administrative Agent of a certificate signed by a Vice President, the Treasurer, an Assistant Treasurer or the Controller of the Company, dated the Initial Effective Date, to the effect set forth in clauses (c) and (d) of Section 3.03 (without giving effect to the parenthetical in such clause (d));
- (d) receipt by the Administrative Agent of all documents it may have reasonably requested prior to the date hereof relating to the existence of the Borrowers, the corporate authority for and the validity of this Agreement and the Notes, and any other matters relevant hereto, all in form and substance satisfactory to the Administrative Agent;
- (e) receipt by the Administrative Agent of evidence satisfactory to it that the upfront fees, arrangement fees, administrative agency fees and expenses payable by the Company and the Borrowers on the Initial Effective Date have been paid; and

(f) receipt by the Administrative Agent of evidence reasonably satisfactory to it that all principal of any loans outstanding under, and all accrued interest and fees under, the Existing Credit Agreement shall have been paid in full;

*provided* that the Commitments shall not become effective unless all of the foregoing conditions are satisfied not later than December 31, 2011. The Administrative Agent shall promptly notify the Company and the Lenders of the Initial Effective Date, and such notice shall be conclusive and binding on all parties hereto.

Section 3.02. *Second Effective Date.* The Delayed Additional Commitments shall become effective on the date that each of the following conditions shall have been satisfied (or waived in accordance with Section 9.05(a)):

(a) the Merger Effective Date shall have occurred;

(b) receipt by the Administrative Agent of counterparts of the Joinder Agreement signed by each of the Progress Borrowers (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Administrative Agent in form satisfactory to it of facsimile or other written confirmation from such party of execution of a counterpart hereof by such party);

(c) receipt by the Administrative Agent of (i) an opinion of internal counsel of each Progress Borrower, substantially in the form of Exhibit B hereto and (ii) an opinion of Robinson, Bradshaw & Hinson, P.A., special counsel for the Borrowers, substantially in the form of Exhibit C hereto, and, in each case, covering such additional matters relating to the transactions contemplated hereby as the Required Lenders may reasonably request;

(d) receipt by the Administrative Agent of (i) a certificate signed by a Vice President, the Treasurer, an Assistant Treasurer or the Controller of the Company, dated the Second Effective Date, to the effect set forth in clause (c) of Section 3.03 with respect to the Company and (ii) a certificate signed by a Vice President, the Treasurer, an Assistant Treasurer or the Controller of the Progress Borrowers, dated the Second Effective Date, to the effect set forth in clauses (c) and (d) of Section 3.03 (without giving effect to the parenthetical in such clause (d)) with respect to the Progress Borrowers;

(e) receipt by the Administrative Agent of evidence reasonably satisfactory to it that all principal of any loans outstanding under, and all accrued interest and fees under, the Existing Progress Credit Agreements and the Existing Progress Parent LC Facility shall have been paid in full;

(f) receipt by the Administrative Agent of the executed Progress Energy, Inc. Consent in the form attached hereto as Exhibit I;

(g) receipt by the Administrative Agent of all documents it may have reasonably requested relating to the existence of the Progress Borrowers, the corporate

authority for and the validity of this Agreement and the Notes, and any other matters relevant hereto, all in form and substance satisfactory to the Administrative Agent; and

(h) receipt by the Administrative Agent of evidence satisfactory to it that the upfront fees, ticking fees and expenses payable by the Company on the Second Effective Date have been paid;

*provided* that the Delayed Additional Commitments shall not become effective unless all of the foregoing conditions are satisfied not later than July 8, 2012. The Administrative Agent shall promptly notify the Company and the Lenders of the Second Effective Date, and such notice shall be conclusive and binding on all parties hereto.

Section 3.03. *Borrowings and Issuance of Letters of Credit.* The obligation of any Lender to make a Loan on the occasion of any Borrowing by any Borrower and the obligation of any Issuing Lender to issue (or renew or extend the term of) any Letter of Credit at the request of any Borrower is subject to the satisfaction of the following conditions:

(a) receipt by the Administrative Agent of a Notice of Borrowing as required by Section 2.02, receipt by the Issuing Lender of a Notice of Issuance as required by Section 2.15(b), or receipt by the Swingline Lender of notice as required by Section 2.18(b), as the case may be;

(b) the fact that, immediately after such Borrowing or issuance of such Letter of Credit, (i) the Utilization Limits shall not be exceeded, (ii) in the case of an issuance of a Letter of Credit the aggregate amount of the Letter of Credit Liabilities shall not exceed \$800,000,000 and (iii) in the case of a Borrowing of a Swingline Loan, the aggregate outstanding principal amount of all Swingline Loans shall not exceed \$350,000,000;

(c) the fact that, immediately after such Borrowing or issuance of such Letter of Credit, no Default with respect to the Borrower shall have occurred and be continuing; and

(d) the fact that the representations and warranties of the Borrower contained in this Agreement (except the representations and warranties set forth in Sections 4.04(c) and 4.06) shall be true on and as of the date of such Borrowing or issuance of such Letter of Credit.

Each Borrowing and issuance of a Letter of Credit hereunder shall be deemed to be a representation and warranty by the Borrower on the date of such Borrowing or issuance as to the facts specified in clauses (b), (c) and (d) of this Section.

ARTICLE 4  
REPRESENTATIONS AND WARRANTIES

Each Borrower, severally but not jointly, represents and warrants that:

Section 4.01. *Organization and Power.* Such Borrower is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted and is duly qualified to do business in each jurisdiction where such qualification is required, except where the failure so to qualify would not have a material adverse effect on the business, financial position or results of operations of such Borrower and its Consolidated Subsidiaries, considered as a whole.

Section 4.02. *Corporate and Governmental Authorization; No Contravention.* The execution, delivery and performance by such Borrower of this Agreement and the Notes are within such Borrower's powers, have been duly authorized by all necessary company action, require no action by or in respect of, or filing with, any Governmental Authority (except for consents, authorizations or filings which have been obtained or made, as the case may be, and are in full force and effect) and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the articles of incorporation, by-laws, certificate of formation or the limited liability company agreement of such Borrower or of any material agreement, judgment, injunction, order, decree or other instrument binding upon such Borrower or result in the creation or imposition of any Lien on any asset of such Borrower or any of its Material Subsidiaries.

Section 4.03. *Binding Effect.* This Agreement constitutes a valid and binding agreement of such Borrower and each Note, if and when executed and delivered by it in accordance with this Agreement, will constitute a valid and binding obligation of such Borrower, in each case enforceable in accordance with its terms, except as the same may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by general principles of equity.

Section 4.04. *Financial Information.* (a) The consolidated balance sheet of such Borrower and its Consolidated Subsidiaries as of December 31, ~~2013~~2016 and the related consolidated statements of income, cash flows, capitalization and retained earnings for the fiscal year then ended, reported on by Deloitte & Touche, copies of which have been delivered to each of the Lenders by using such Borrower's Syndtrak site or otherwise made available, fairly present in all material respects, in conformity with generally accepted accounting principles, the consolidated financial position of such Borrower and its Consolidated Subsidiaries as of such date and their consolidated results of operations and cash flows for such fiscal year.

(b) ~~The unaudited consolidated balance sheet of such Borrower and its Consolidated Subsidiaries as of September 30, 2014 and the related unaudited consolidated statements of income and cash flows for the nine months then ended, copies of which have been delivered to each of the Lenders by using such Borrower's Syndtrak site or otherwise made available, fairly present in all material respects, in conformity with generally accepted accounting principles applied on a basis consistent with the financial statements referred to in subsection (a) of this Section, the consolidated financial position of such Borrower and its Consolidated Subsidiaries as of such date and their consolidated~~

results of operations and changes in financial position for such nine-month period (subject to normal year-end adjustments and the absence of footnotes); [Reserved].

(c) Since December 31, ~~2013~~2016, there has been no material adverse change in the business, financial position or results of operations of such Borrower and its Consolidated Subsidiaries, considered as a whole, except as publicly disclosed prior to the ~~Second~~Third Amendment Effective Date.

Section 4.05. *Regulation U.* Such Borrower and its Material Subsidiaries are not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System) and no proceeds of any Borrowing by and no issuance of Letters of Credit for the account of such Borrower will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock. Not more than 25% of the value of the assets of such Borrower and its Material Subsidiaries is represented by margin stock.

Section 4.06. *Litigation.* Except as publicly disclosed prior to the ~~Second~~Third Amendment Effective Date, there is no action, suit or proceeding pending against, or to the knowledge of such Borrower threatened against or affecting, such Borrower or any of its Subsidiaries before any court or arbitrator or any Governmental Authority which would be likely to be decided adversely to such Borrower or such Subsidiary and, as a result, have a material adverse effect upon the business, consolidated financial position or results of operations of such Borrower and its Consolidated Subsidiaries, considered as a whole, or which in any manner draws into question the validity of this Agreement or any Note.

Section 4.07. *Compliance with Laws.* Such Borrower and each of its Material Subsidiaries is in compliance in all material respects with all applicable laws, ordinances, rules, regulations and requirements of Governmental Authorities (including, without limitation, ERISA and Environmental Laws) except where (i) non-compliance would not have a material adverse effect on the business, financial position or results of operations of such Borrower and its Consolidated Subsidiaries, considered as a whole, or (ii) the necessity of compliance therewith is contested in good faith by appropriate proceedings.

Section 4.08. *Taxes.* Such Borrower and its Material Subsidiaries have filed all United States Federal income tax returns and all other material tax returns which are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any assessment received by such Borrower or any such Material Subsidiary except (i) where nonpayment would not have a material adverse effect on the business, financial position or results of operations of such Borrower and its Consolidated Subsidiaries, considered as a whole, or (ii) where the same are contested in good faith by appropriate proceedings. The charges, accruals and reserves on the books of such Borrower and its Material Subsidiaries in respect of taxes or other governmental charges are, in the opinion of such Borrower, adequate.



Section 4.09. *Anti-corruption Law and Sanctions.* Such Borrower and its Material Subsidiaries have implemented and maintain in effect policies and procedures designed to prevent violations by the Company, its Subsidiaries and their respective directors, officers, employees and agents (acting in their capacity as such) of the applicable Anti-Corruption Laws and Sanctions, and such Borrower and its Material Subsidiaries are in compliance in all material respects with all applicable Anti-Corruption Laws and Sanctions, except where (i) noncompliance would not have a material adverse effect on the business, financial position or results of operations of such Borrower and its Consolidated Subsidiaries, considered as a whole, or (ii) the necessity of compliance therewith is contested in good faith by appropriate proceedings. None of (i) such Borrower or any Material Subsidiary or, (ii) to the knowledge of such Borrower, any director, officer or employee of such Borrower or any Material Subsidiary or (iii) to the knowledge of such Borrower, any agent of such Borrower or any Material Subsidiary acting in any capacity in connection with or benefitting from the credit facility established hereby, is a Sanctioned Person.

#### ARTICLE 5 COVENANTS

Each Borrower, severally but not jointly, agrees that, so long as any Lender has any Commitment hereunder with respect to such Borrower or any amount payable hereunder remains unpaid by such Borrower or any Letter of Credit Liabilities remain outstanding (unless such Letter of Credit Liabilities have been Cash Collateralized):

Section 5.01. *Information.* Such Borrower will deliver to each of the Lenders:

- (a) as soon as available and in any event within 120 days after the end of each fiscal year of such Borrower, a consolidated balance sheet of such Borrower and its Consolidated Subsidiaries as of the end of such fiscal year and the related consolidated statements of income, cash flows, capitalization and retained earnings for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on in a manner consistent with past practice and with applicable requirements of the Securities and Exchange Commission by Deloitte & Touche or other independent public accountants of nationally recognized standing;
- (b) as soon as available and in any event within 60 days (75 days in the case of Duke Energy Kentucky) after the end of each of the first three quarters of each fiscal year of such Borrower, a consolidated balance sheet of such Borrower and its Consolidated Subsidiaries as of the end of such quarter and the related consolidated statements of income and cash flows for such quarter and for the portion of such Borrower's fiscal year ended at the end of such quarter, setting forth in each case in comparative form the figures for the corresponding quarter and the corresponding portion of such Borrower's previous fiscal year, all certified (subject to normal year-end adjustments) as to fairness of presentation in all material respects, generally accepted accounting principles and consistency (except as provided by Section 1.02) by an Approved Officer of such Borrower;

- (c) within the maximum time period specified for the delivery of each set of financial statements referred to in clauses (a) and (b) above, a certificate of an Approved Officer of such Borrower (i) setting forth in reasonable detail the calculations required to establish whether such Borrower was in compliance with the requirements of Section 5.10 on the date of such financial statements and (ii) stating whether any Default exists on the date of such certificate and, if any Default then exists, setting forth the details thereof and the action which such Borrower is taking or proposes to take with respect thereto;
- (d) within five days after any officer of such Borrower with responsibility relating thereto obtains knowledge of any Default, if such Default is then continuing, a certificate of an Approved Officer of such Borrower setting forth the details thereof and the action which such Borrower is taking or proposes to take with respect thereto;
- (e) promptly upon the filing thereof, copies of all registration statements (other than the exhibits thereto and any registration statements on Form S-8 or its equivalent) and reports on Forms 10-K, 10-Q and 8-K (or their equivalents) which such Borrower shall have filed with the Securities and Exchange Commission;
- (f) if and when any member of such Borrower's ERISA Group (i) gives or is reasonably expected to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Material Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Material Plan has given or is required to give notice of any such reportable event, a copy of the notice of such reportable event given or required to be given to the PBGC; (ii) receives notice of complete or partial withdrawal liability under Title IV of ERISA or notice that any Material Plan is in reorganization, is insolvent or has been terminated, a copy of such notice; (iii) receives notice from the PBGC under Title IV of ERISA of an intent to terminate, impose material liability (other than for premiums under Section 4007 of ERISA) in respect of, or appoint a trustee to administer any Plan, a copy of such notice; (iv) applies for a waiver of the minimum funding standard under Section 412 of the Internal Revenue Code, a copy of such application; (v) gives notice of intent to terminate any Material Plan under Section 4041(c) of ERISA, a copy of such notice and other information filed with the PBGC; (vi) gives notice of withdrawal from any Material Plan pursuant to Section 4063 of ERISA, a copy of such notice; (vii) receives notice of the cessation of operations at a facility of any member of the ERISA Group in the circumstances described in Section 4062(e) of ERISA; or (viii) fails to make any payment or contribution to any Material Plan or makes any amendment to any Material Plan which has resulted or could result in the imposition of a Lien or the posting of a bond or other security, a certificate of the chief financial officer or the chief accounting officer of such Borrower setting forth details as to such occurrence and action, if any, which such Borrower or applicable member of the ERISA Group is required or proposes to take;
- (g) promptly, notice of any change in the ratings of such Borrower referred to in the Pricing Schedule; and

(h) from time to time such additional information regarding the financial position or business of such Borrower and its Subsidiaries as the Administrative Agent, at the request of any Lender, may reasonably request.

Information required to be delivered pursuant to these Sections 5.01(a), 5.01(b) and 5.01(e) shall be deemed to have been delivered on the date on which such information has been posted on the Securities and Exchange Commission website on the Internet at [sec.gov/edaux/searches.htm](http://sec.gov/edaux/searches.htm), on such Borrower's Syndtrak site or at another website identified in a notice from such Borrower to the Lenders and accessible by the Lenders without charge; *provided* that (i) a certificate delivered pursuant to Section 5.01(c) shall also be deemed to have been delivered upon being posted to such Borrower's Syndtrak site and (ii) such Borrower shall deliver paper copies of the information referred to in Sections 5.01(a), 5.01(b) and 5.01(e) to any Lender which requests such delivery.

Section 5.02. *Payment of Taxes.* Such Borrower will pay and discharge, and will cause each of its Material Subsidiaries to pay and discharge, at or before maturity, all their tax liabilities, except where (i) nonpayment would not have a material adverse effect on the business, financial position or results of operations of such Borrower and its Consolidated Subsidiaries, considered as a whole, or (ii) the same may be contested in good faith by appropriate proceedings, and will maintain, and will cause each of its Material Subsidiaries to maintain, in accordance with generally accepted accounting principles, appropriate reserves for the accrual of any of the same.

Section 5.03. *Maintenance of Property; Insurance.* (a) Such Borrower will keep, and will cause each of its Material Subsidiaries to keep, all property necessary in its business in good working order and condition, ordinary wear and tear excepted, except where the failure to do so would not have a material adverse effect on the business, financial position or results of operations of such Borrower and its Consolidated Subsidiaries, considered as a whole.

(b) Such Borrower will, and will cause each of its Material Subsidiaries to, maintain (either in the name of such Borrower or in such Subsidiary's own name) with financially sound and responsible insurance companies, insurance on all their respective properties in at least such amounts and against at least such risks (and with such risk retention) as are usually insured against by companies of established repute engaged in the same or a similar business; *provided* that self-insurance by such Borrower or any such Material Subsidiary, shall not be deemed a violation of this covenant to the extent that companies engaged in similar businesses and owning similar properties self-insure; and will furnish to the Lenders, upon request from the Administrative Agent, information presented in reasonable detail as to the insurance so carried.

Section 5.04. *Maintenance of Existence.* Such Borrower will preserve, renew and keep in full force and effect, and will cause each of its Material Subsidiaries to preserve, renew and keep in full force and effect their respective corporate or other legal existence and their respective rights, privileges and franchises material to the normal conduct of their respective businesses; *provided* that nothing in this Section 5.04 shall prohibit the

termination of any right, privilege or franchise of such Borrower or any such Material Subsidiary or of the corporate or other legal existence of any such Material Subsidiary, or the change in form of organization of such Borrower or any such Material Subsidiary, if such Borrower in good faith determines that such termination or change is in the best interest of such Borrower, is not materially disadvantageous to the Lenders and, (i) in the case of a change in the form of organization of such Borrower, the Administrative Agent has consented thereto and (ii) in the case of a change in the jurisdiction of such Borrower to a jurisdiction outside of the United States, the Lenders have consented thereto.

Section 5.05. *Compliance with Laws.* Such Borrower will comply, and cause each of its Material Subsidiaries to comply, in all material respects with all applicable laws, ordinances, rules, regulations, and requirements of Governmental Authorities (including, without limitation, ERISA, applicable Sanctions and Anti-Corruption Laws and Environmental Laws) except where (i) noncompliance would not have a material adverse effect on the business, financial position or results of operations of such Borrower and its Consolidated Subsidiaries, considered as a whole, or (ii) the necessity of compliance therewith is contested in good faith by appropriate proceedings.

Section 5.06. *Books and Records.* Such Borrower will keep, and will cause each of its Material Subsidiaries to keep, proper books of record and account in which full, true and correct entries shall be made of all financial transactions in relation to its business and activities in accordance with its customary practices; and will permit, and will cause each such Material Subsidiary to permit, representatives of any Lender at such Lender's expense (accompanied by a representative of such Borrower, if such Borrower so desires) to visit any of their respective properties, to examine any of their respective books and records and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants, all upon such reasonable notice, at such reasonable times and as often as may reasonably be desired.

Section 5.07. *Negative Pledge.* Such Borrower will not create, assume or suffer to exist any Lien on any asset now owned or hereafter acquired by it, except:

- (a) Liens granted by such Borrower existing as of the Initial Effective Date, securing Indebtedness outstanding on the date of this Agreement in an aggregate principal amount not exceeding \$100,000,000;
- (b) the Lien of such Borrower's Mortgage Indenture (if any) securing Indebtedness outstanding on the Initial Effective Date or issued thereafter;
- (c) any Lien on any asset of any Person existing at the time such Person is merged or consolidated with or into such Borrower and not created in contemplation of such event;
- (d) any Lien existing on any asset prior to the acquisition thereof by such Borrower and not created in contemplation of such acquisition;
- (e) any Lien on any asset securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such asset; *provided that such*

Lien attaches to such asset concurrently with or within 180 days after the acquisition thereof;

(f) any Lien arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by any Lien permitted by any of the foregoing clauses of this Section; *provided* that such Indebtedness is not increased (except by accrued interest, prepayment premiums and fees and expenses incurred in connection with such refinancing, extension, renewal or refunding) and is not secured by any additional assets;

(g) Liens for taxes, assessments or other governmental charges or levies not yet due or which are being contested in good faith by appropriate proceedings and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with generally accepted accounting principles;

(h) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by law, created in the ordinary course of business and for amounts not past due for more than 60 days or which are being contested in good faith by appropriate proceedings which are sufficient to prevent imminent foreclosure of such Liens, are promptly instituted and diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with generally accepted accounting principles;

(i) Liens incurred or deposits made in the ordinary course of business (including, without limitation, surety bonds and appeal bonds) in connection with workers' compensation, unemployment insurance and other types of social security benefits or to secure the performance of tenders, bids, leases, contracts (other than for the repayment of Indebtedness), statutory obligations and other similar obligations or arising as a result of progress payments under government contracts;

(j) easements (including, without limitation, reciprocal easement agreements and utility agreements), rights-of-way, covenants, consents, reservations, encroachments, variations and other restrictions, charges or encumbrances (whether or not recorded) affecting the use of real property;

(k) Liens with respect to judgments and attachments which do not result in an Event of Default;

(l) Liens, deposits or pledges to secure the performance of bids, tenders, contracts (other than contracts for the payment of money), leases (permitted under the terms of this Agreement), public or statutory obligations, surety, stay, appeal, indemnity, performance or other obligations arising in the ordinary course of business;

(m) other Liens including Liens imposed by Environmental Laws arising in the ordinary course of its business which (i) do not secure Indebtedness, (ii) do not secure any obligation in an amount exceeding \$100,000,000 at any time at which Investment Grade Status does not exist as to such Borrower and (iii) do not in the aggregate materially detract from the value of its assets or materially impair the use thereof in the operation of its business;

- (n) Liens securing obligations under Hedging Agreements entered into to protect against fluctuations in interest rates or exchange rates or commodity prices and not for speculative purposes, provided that such Liens run in favor of a Lender hereunder or a Person who was, at the time of issuance, a Lender;
- (o) Liens not otherwise permitted by the foregoing clauses of this Section on assets of such Borrower securing obligations in an aggregate principal or face amount at any date not to exceed 15% of the Consolidated Net Assets of such Borrower;
- (p) Liens on the fuel used by the Progress Borrowers in their power generating businesses; and
- (q) Liens on regulatory assets up to the amount approved by state legislatures and/or regulatory orders.

Section 5.08. *Consolidations, Mergers and Sales of Assets.* Such Borrower will not (i) consolidate or merge with or into any other Person or (ii) sell, lease or otherwise transfer, directly or indirectly, Substantial Assets to any Person (other than a Subsidiary of such Borrower); *provided* that such Borrower may merge with another Person if such Borrower is the Person surviving such merger and, after giving effect thereto, no Default shall have occurred and be continuing. Notwithstanding the foregoing, Duke Energy Ohio shall be permitted to transfer its generation assets consistent with the Opinion and Order of the Public Utilities Commission of Ohio, issued on November 22, 2011, in PUCO Case No. 11-3549.

Section 5.09. *Use of Proceeds.* The proceeds of the Loans and Letters of Credit made under this Agreement will be used by such Borrower for its general corporate purposes, including liquidity support for commercial paper and acquisitions. None of such proceeds will be used, directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of buying or carrying any "margin stock" within the meaning of Regulation U. None of such proceeds will be used (i) for the purpose of knowingly financing the activities of or any transactions with any Sanctioned Person or in any country, region or territory that is the subject of Sanctions applicable to the Company and its Subsidiaries and where the financed activity would be prohibited by such applicable Sanctions, at the time of such financing or (ii) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws.

Section 5.10. *Indebtedness/Capitalization Ratio.* The ratio of Consolidated Indebtedness of such Borrower to Consolidated Capitalization of such Borrower as at the end of any fiscal quarter of such Borrower will not exceed 65%; *provided that the ratio of Consolidated Indebtedness of Piedmont to Consolidated Capitalization of Piedmont as at the end of any fiscal quarter of Piedmont will not exceed 70%.*

ARTICLE 6  
DEFAULTS

Section 6.01. *Events of Default.* If one or more of the following events (“**Events of Default**”) with respect to a particular Borrower shall have occurred and be continuing:

- (a) such Borrower shall fail to pay when due any principal of any Loan to it or any Reimbursement Obligation owed by it or shall fail to pay, within five days of the due date thereof, any interest, fees or any other amount payable by it hereunder;
- (b) such Borrower shall fail to observe or perform any covenant contained in Sections 5.01(d), 5.04, 5.07, 5.08, 5.10 or the second or third sentence of 5.09, inclusive;
- (c) such Borrower shall fail to observe or perform any covenant or agreement contained in this Agreement (other than those covered by clause (a) or (b) above) for 30 days after notice thereof has been given to such Borrower by the Administrative Agent at the request of any Lender;
- (d) any representation, warranty, certification or statement made by such Borrower in this Agreement or in any certificate, financial statement or other document delivered pursuant to this Agreement shall prove to have been incorrect in any material respect when made (or deemed made);
- (e) such Borrower or any of its Material Subsidiaries shall fail to make any payment in respect of Material Debt (other than Loans to and Reimbursement Obligations of such Borrower hereunder) when due or within any applicable grace period;
- (f) any event or condition shall occur and shall continue beyond the applicable grace or cure period, if any, provided with respect thereto so as to result in the acceleration of the maturity of Material Debt;
- (g) such Borrower or any of its Material Subsidiaries shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall admit in writing its inability to, or shall fail generally to, pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;
- (h) an involuntary case or other proceeding shall be commenced against such Borrower or any of its Material Subsidiaries seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such

involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days; or an order for relief shall be entered against such Borrower or any of its Material Subsidiaries under the federal bankruptcy laws as now or hereafter in effect;

(i) any member of such Borrower's ERISA Group shall fail to pay when due an amount or amounts aggregating in excess of \$150,000,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans of such ERISA Group having aggregate Unfunded Vested Liabilities in excess of \$150,000,000 (collectively, a "Material Plan") shall be filed under Title IV of ERISA by any member of such ERISA Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any such Material Plan or a proceeding shall be instituted by a fiduciary of any such Material Plan against any member of such ERISA Group to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within 90 days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Material Plan must be terminated;

(j) a judgment or other court order for the payment of money in excess of \$150,000,000 shall be rendered against such Borrower or any of its Material Subsidiaries and such judgment or order shall continue without being vacated, discharged, satisfied or stayed or bonded pending appeal for a period of 45 days; or

(k) any person or group of persons (within the meaning of Section 13 or 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) other than trustees and participants in employee benefit plans of the Company and its Subsidiaries or the Endowment or Trust, shall have acquired beneficial ownership (within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Exchange Act) of 50% or more of the outstanding shares of common stock of the Company; during any period of twelve consecutive calendar months, individuals (i) who were members of the board of directors of the Company or equivalent governing body on the first day of such period, ~~(together with (i) any directors appointed pursuant to the Merger Agreement and (ii) any successors nominated or appointed by then incumbent directors in the ordinary course)~~ (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body shall cease to constitute a majority of the board of directors of the Company; or in the case of any Borrower other than the Company, such Borrower shall cease to be a Subsidiary of the Company;

then, and in every such event, the Administrative Agent shall (i) if requested by Lenders having more than 66-2/3% in aggregate amount of the Commitments, by notice to such Borrower terminate the Commitments as to such Borrower and they shall thereupon terminate, and such Borrower shall no longer be entitled to borrow hereunder, and the



Sublimit of such Borrower shall be reduced to zero, and (ii) if requested by Lenders holding more than 66-2/3% in aggregate principal amount of the Loans and Reimbursement Obligations of such Borrower, by notice to such Borrower declare such Loans and Reimbursement Obligations (together with accrued interest thereon) to be, and such Loans and Reimbursement Obligations (together with accrued interest thereon) shall thereupon become, immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower; *provided* that in the case of any of the Events of Default specified in clause (g) or (h) above with respect to such Borrower, without any notice to such Borrower or any other act by the Administrative Agent or the Lenders, the Commitments shall thereupon terminate with respect to such Borrower and the Loans and Reimbursement Obligations of such Borrower (together with accrued interest thereon) shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Borrower.

Section 6.02. *Notice of Default.* The Administrative Agent shall give notice to a Borrower under Section 6.01(c) promptly upon being requested to do so by any Lender and shall thereupon notify all the Lenders and the Issuing Lenders thereof.

Section 6.03. *Cash Collateral.* Each Borrower agrees, in addition to the provisions of Section 6.01 hereof, that upon the occurrence and during the continuance of any Event of Default with respect to such Borrower, it shall, if requested by the Administrative Agent upon the instruction of the Lenders having at least 66 2/3% in the aggregate amount of the Commitments (or, if the Commitments shall have been terminated, holding at least 66 2/3% of the Letter of Credit Liabilities for the account of such Borrower), Cash Collateralize all Letters of Credit for the account of such Borrower then outstanding at such time; *provided* that upon the occurrence of any Event of Default specified in Section 6.01(g) or 6.01(h) with respect to such Borrower, such Borrower shall do so forthwith without any notice or demand or any other act by the Administrative Agent or the Lenders.

#### ARTICLE 7 THE ADMINISTRATIVE AGENT

Section 7.01. *Appointment and Authorization.* Each Lender irrevocably appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the Notes as are delegated to the Administrative Agent by the terms hereof or thereof, together with all such powers as are reasonably incidental thereto.

Section 7.02. *Administrative Agent and Affiliates.* Wells Fargo shall have the same rights and powers under this Agreement as any other Lender and may exercise or refrain from exercising the same as though it were not the Administrative Agent, and Wells Fargo and its affiliates may accept deposits from, lend money to, and generally engage in any kind of business with any Borrower or any Subsidiary or affiliate of any Borrower as if it were not the Administrative Agent hereunder.

Section 7.03. *Action by Administrative Agent.* The obligations of the Administrative Agent hereunder are only those expressly set forth herein. Without limiting the generality of the foregoing, the Administrative Agent shall not be required to take any action with respect to any Default, except as expressly provided in Article 6.

Section 7.04. *Consultation with Experts.* The Administrative Agent may consult with legal counsel (who may be counsel for a Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts.

Section 7.05. *Liability of Administrative Agent.* Neither the Administrative Agent nor any of its affiliates nor any of their respective directors, officers, agents or employees shall be liable to any Lender for any action taken or not taken by it in connection herewith (i) with the consent or at the request of the Required Lenders or (ii) in the absence of its own gross negligence or willful misconduct. Neither the Administrative Agent nor any of its affiliates nor any of their respective directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into or verify (i) any statement, warranty or representation made in connection with this Agreement or any borrowing hereunder; (ii) the performance or observance of any of the covenants or agreements of any Borrower; (iii) the satisfaction of any condition specified in Article 3, except receipt of items required to be delivered to the Administrative Agent; or (iv) the validity, effectiveness or genuineness of this Agreement, the Notes or any other instrument or writing furnished in connection herewith. The Administrative Agent shall not incur any liability by acting in reliance upon any notice, consent, certificate, statement, or other writing (which may be a bank wire, facsimile or similar writing) believed by it in good faith to be genuine or to be signed by the proper party or parties. Without limiting the generality of the foregoing, the use of the term "agent" in this Agreement with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.

Section 7.06. *Indemnification.* Each Lender shall, ratably in accordance with its portion of the Aggregate Exposures, indemnify the Administrative Agent and its Related Parties (to the extent not reimbursed or indemnified by the Borrowers) against any cost, expense (including counsel fees and disbursements), claim, demand, action, loss, penalties or liability (except such as result from such indemnitees' gross negligence or willful misconduct) that such indemnitees may suffer or incur in connection with this Agreement or any action taken or omitted by the Administrative Agent in its capacity as such, or by any Related Party acting for the Administrative Agent in connection with such capacity.

Section 7.07. *Credit Decision.* Each Lender acknowledges that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently

and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action under this Agreement.

Section 7.08. *Successor Administrative Agent.*

(a) The Administrative Agent may resign at any time by giving notice thereof to the Lenders and the Borrowers. Upon any such resignation, (i) the Company, with the consent of the Required Lenders (such consent not to be unreasonably withheld or delayed), or (ii) if an Event of Default has occurred and is continuing, then the Required Lenders, shall have the right to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed, and shall have accepted such appointment, within 30 days after the retiring Administrative Agent gives notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a commercial bank organized or licensed under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least \$250,000,000.

(b) If the Person serving as Administrative Agent is a Defaulting Lender, (i) the Company, with the consent of the Required Lenders (such consent not to be unreasonably withheld or delayed), or (ii) if an Event of Default has occurred and is continuing, then the Required Lenders, shall have the right to appoint a successor Administrative Agent.

(c) Upon the acceptance of its appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, duties and obligations of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder; *provided* that if such successor Administrative Agent is appointed without the consent of the Company, such successor Administrative Agent may be replaced by the Company with the consent of the Required Lenders so long as no Event of Default has occurred and is continuing at the time. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Article shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent.

(d) The fees payable by the Company to any successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and such successor.

Section 7.09. *Administrative Agent's Fee.* The Company shall pay to the Administrative Agent for its own account fees in the amounts and at the times previously agreed upon between the Company and the Administrative Agent.

Section 7.10. *Other Agents.* None of the Co-Syndication Agents or the Co-Documentation Agents, in their respective capacities as such, shall have any duties or obligations of any kind under this Agreement.

ARTICLE 8  
CHANGE IN CIRCUMSTANCES

Section 8.01. *Basis for Determining Interest Rate Inadequate or Unfair.* If on or prior to the first day of any Interest Period for any Euro-Dollar Borrowing:

- (a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that deposits in dollars (in the applicable amounts) are not being offered to financial institutions in general in the relevant market for such Interest Period, or
- (b) Lenders having 66-2/3% or more of the aggregate amount of the affected Loans advise the Administrative Agent that the London Interbank Offered Rate as determined by the Administrative Agent will not adequately and fairly reflect the cost to such Lenders of funding their Euro-Dollar Loans for such Interest Period,

the Administrative Agent shall forthwith give notice thereof to the Borrowers and the Lenders, whereupon until the Administrative Agent notifies the Borrowers that the circumstances giving rise to such suspension no longer exist, (i) the obligations of the Lenders to make Euro-Dollar Loans or to continue or convert outstanding Loans as or into Euro-Dollar Loans shall be suspended and (ii) each outstanding Euro-Dollar Loan shall be converted into a Base Rate Loan on the last day of the then current Interest Period applicable thereto. Unless the Borrower notifies the Administrative Agent at least one Domestic Business Day before the date of any Euro-Dollar Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, such Borrowing shall instead be made as a Base Rate Borrowing.

Section 8.02. *Illegality.* If any Change In Law shall make it unlawful or impossible for any Lender (or its Euro-Dollar Lending Office) to make, maintain or fund any of its Euro-Dollar Loans and such Lender shall so notify the Administrative Agent, the Administrative Agent shall forthwith give notice thereof to the other Lenders and the Borrowers, whereupon until such Lender notifies the Borrowers and the Administrative Agent that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Euro-Dollar Loans, or to continue or convert outstanding Loans as or into Euro-Dollar Loans, shall be suspended. Before giving any notice to the Administrative Agent pursuant to this Section, such Lender shall designate a different Euro-Dollar Lending Office if such designation will avoid the need for giving such notice and will not be otherwise disadvantageous to such Lender in the good faith exercise of its discretion. If such notice is given, each Euro-Dollar Loan of such Lender then outstanding shall be converted to a Base Rate Loan either (a) on the last day of the then current Interest Period applicable to such Euro-Dollar Loan if such Lender may lawfully continue to maintain and fund such Loan to such day or (b) immediately if such Lender shall determine that it may not lawfully continue to maintain and fund such Loan to such day.

Section 8.03. *Increased Cost and Reduced Return.* (a) If any Change In Law (i) shall impose, modify or deem applicable any reserve, special deposit, compulsory loan,

insurance charge or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, but excluding with respect to any Euro-Dollar Loan any such requirement included in an applicable Euro-Dollar Reserve Percentage) against assets of, deposits with or for the account of, or credit extended by, any Lender (or its Applicable Lending Office); (ii) shall subject any Lender or Agent to any taxes (other than (A) Taxes, (B) taxes described in clauses (ii), (iii) or (iv) of the exclusions from the definition of Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or (iii) shall impose on any Lender (or its Applicable Lending Office) or on the London interbank market any other condition, cost or expense affecting its Euro-Dollar Loans, its Note or its obligation to make Euro-Dollar Loans or its obligations hereunder in respect of Letters of Credit and the result of any of the foregoing is to increase the cost to such Lender (or its Applicable Lending Office) of making or maintaining any Euro-Dollar Loan (or, in the case of an adoption or change with respect to taxes, any Loan) or of issuing or participating in any Letter of Credit, or to reduce the amount of any sum received or receivable by such Lender (or its Applicable Lending Office) under this Agreement or under its Note with respect thereto, by an amount deemed by such Lender to be material, then, within 15 days after demand by such Lender (with a copy to the Administrative Agent), each Borrower shall pay to such Lender its Appropriate Share of such additional amount or amounts as will compensate such Lender for such increased cost or reduction; *provided* that no such amount shall be payable with respect to any period commencing more than 90 days prior to the date such Lender first notifies the Borrowers of its intention to demand compensation therefor under this Section 8.03(a).

(b) If any Lender shall have determined that any Change In Law has or would have the effect of reducing the rate of return on capital or liquidity of such Lender (or its Parent) as a consequence of such Lender's obligations hereunder to a level below that which such Lender (or its Parent) could have achieved but for such Change In Law (taking into consideration its policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, within 15 days after demand by such Lender (with a copy to the Administrative Agent), each Borrower shall pay to such Lender its Appropriate Share of such additional amount or amounts as will compensate such Lender (or its Parent) for such reduction; *provided* that no such amount shall be payable with respect to any period commencing less than 30 days after the date such Lender first notifies the Borrowers of its intention to demand compensation under this Section 8.03(b).

(c) Each Lender will promptly notify the Borrowers and the Administrative Agent of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate of any Lender claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

(d) The “Appropriate Share” of a Borrower with respect to any amount payable hereunder is the sum of (i) to the extent such amount is properly allocable to Loans and Letters of Credit outstanding hereunder, the portion of such amount properly allocable to the Loans and Letter of Credit outstanding to or for the account of such Borrower, and (ii) to the extent such amount is not properly allocable to Loans and Letters of Credit outstanding hereunder, the Appropriate Share shall be the product of the Availability Percentage of such Borrower and such amount.

Section 8.04. *Taxes.* (a) For purposes of this Section 8.04 the following terms have the following meanings:

“FATCA” means Sections 1471 through 1474 of the Internal Revenue Code, as of the date of this Agreement (or any amended or successor version that is substantially substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Internal Revenue Code. For purposes of this Section 8.04, “applicable law” includes FATCA.

“Taxes” means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings including any interest, additions to tax or penalties applicable thereto with respect to any payment by or on account of any obligation of a Borrower pursuant to this Agreement or any Note, and all liabilities with respect thereto, *excluding* (i) in the case of each Lender and the Administrative Agent, taxes imposed on its income, net worth or gross receipts and franchise or similar taxes imposed on it by a jurisdiction under the laws of which such Lender or the Administrative Agent (as the case may be) is organized or in which its principal executive office is located or, in the case of each Lender, in which its Applicable Lending Office is located, (ii) in the case of each Lender, any United States withholding tax imposed on such payments except to the extent that (A) such Lender is subject to United States withholding tax by reason of a U.S. Tax Law Change or (B) in the case of a Lender not listed on the signature pages hereof or a Participant, amounts with respect to such Taxes were payable pursuant to Section 8.04 to such Lender’s assignor or to such Participant’s participating Lender immediately before such Lender or Participant acquired the applicable interest in a Loan or Commitment; (iii) Taxes attributable to such Lender’s or Administrative Agent’s failure to comply with Section 8.04(d) or (e) and (iv) any U.S. ~~Federal~~ federal withholding Taxes imposed under FATCA.

“Other Taxes” means any present or future stamp or documentary taxes and any other excise or property taxes, or similar charges or levies, which arise from any payment made pursuant to this Agreement or under any Note or from the execution or delivery of, or otherwise with respect to, this Agreement or any Note.

“U.S. Tax Law Change” means with respect to any Lender or Participant the occurrence (x) in the case of each Lender listed on the signature pages hereof, after the date of its execution and delivery of this Agreement and (y) in the case of any other Lender, after the date such Lender shall have become a Lender hereunder, and (z) in the case of each Participant, after the date such Participant became a Participant hereunder,

of the adoption of any applicable U.S. federal law, U.S. federal rule or U.S. federal regulation relating to taxation, or any change therein, or the entry into force, modification or revocation of any income tax convention or treaty to which the United States is a party.

(b) Any and all payments by or any account of any Borrower to or for the account of any Lender or the Administrative Agent hereunder or under any Note shall be made without deduction for any Taxes or Other Taxes, except as required by applicable law; provided that if any Borrower or the Administrative Agent shall be required by law to deduct any Taxes or Other Taxes from any such payments, (i) the sum payable by such Borrower shall be increased as necessary so that after all required deductions are made (including deductions applicable to additional sums payable under this Section 8.04) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower or the Administrative Agent shall make such deductions, (iii) such Borrower or the Administrative Agent shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and (iv) if the withholding agent is the Borrower, such Borrower shall furnish to the Administrative Agent, at its address referred to in Section 9.01, the original or a certified copy of a receipt evidencing payment thereof.

(c) Each Borrower agrees to indemnify each Lender and the Administrative Agent for its Appropriate Share of the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 8.04) paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be paid within 15 days after such Lender or the Administrative Agent (as the case may be) makes demand therefor.

(d) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Lender listed on the signature pages hereof and on or prior to the date on which it becomes a Lender in the case of each other Lender, and from time to time thereafter as required by law or requested by any Borrower or the Administrative Agent (but only so long as such Lender remains lawfully able to do so), shall provide the Borrowers and the Administrative Agent (in such number of copies as shall be requested by the recipient) with whichever of the following is applicable (including any successor forms prescribed by the Internal Revenue Service):

(i) in the case of a Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest hereunder or under any Note, executed originals of IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments hereunder or under any Note, IRS Form W-8BEN establishing an exemption from, or

reduction of, U.S. Federal ~~federal~~ withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(ii) executed originals of IRS Form W-8ECI;

(iii) in the case of a Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Internal Revenue Code, (x) a certificate reasonably acceptable to the Administrative Agent to the effect that such Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Internal Revenue Code, a "10 percent shareholder" of any Borrower within the meaning of Section 881(c)(3)(B) of the Internal Revenue Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Internal Revenue Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN; or

(iv) to the extent a Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Lender is a partnership and one or more direct or indirect partners of such Lender are claiming the portfolio interest exemption, such Lender may provide a U.S. Tax Compliance Certificate on behalf of each such direct and indirect partner.

(e) Any Lender that is organized under the laws of a jurisdiction within the United States shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. Federal ~~federal~~ backup withholding tax.

(f) If a payment made to a Lender hereunder or under any Note would be subject to U.S. Federal ~~federal~~ withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Internal Revenue Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Internal Revenue Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (f), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(g) Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or



certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) If a Lender, which is otherwise exempt from or subject to a reduced rate of withholding tax, becomes subject to Taxes because of its failure to deliver a form required hereunder, the Borrowers shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Taxes.

(i) If any Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section 8.04, then such Lender will take such action (including changing the jurisdiction of its Applicable Lending Office) as in the good faith judgment of such Lender (i) will eliminate or reduce any such additional payment which may thereafter accrue and (ii) is not otherwise disadvantageous to such Lender.

(j) If any Lender or the Administrative Agent receives a refund of any Taxes or Other Taxes for which any Borrower has made a payment under Section 8.04(b) or (c) and such refund was received from the taxing authority which originally imposed such Taxes or Other Taxes, such Lender or the Administrative Agent agrees to reimburse such Borrower to the extent of such refund; *provided* that nothing contained in this paragraph (j) shall require any Lender or the Administrative Agent to seek any such refund or make available its tax returns (or any other information relating to its taxes which it deems to be confidential).

(k) Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Taxes attributable to such Lender (but only to the extent that a Borrower has not already indemnified the Administrative Agent for such Taxes and without limiting the obligation of the Borrowers to do so), (ii) any taxes attributable to such Lender's failure to comply with the provisions of Section 9.06(b) relating to the maintenance of a Participant Register and (iii) any taxes excluded from the definition of Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with this Agreement or any Note, and any reasonable expenses arising therefrom or with respect thereto. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender hereunder or under any Note or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (k).

Section 8.05. *Base Rate Loans Substituted for Affected Euro-Dollar Loans.* If (i) the obligation of any Lender to make or to continue or convert outstanding Loans as or into Euro-Dollar Loans has been suspended pursuant to Section 8.02 or (ii) any Lender has demanded compensation under Section 8.03(a) with respect to its Euro-Dollar Loans and the Borrower shall, by at least five Euro-Dollar Business Days' prior notice to such Lender through the Administrative Agent, have elected that the provisions of this Section shall apply to such Lender, then, unless and until such Lender notifies the Borrowers that

the circumstances giving rise to such suspension or demand for compensation no longer apply:

(a) all Loans which would otherwise be made by such Lender as (or continued as or converted to) Euro-Dollar Loans, as the case may be, shall instead be Base Rate Loans (on which interest and principal shall be payable contemporaneously with the related Euro-Dollar Loans of the other Lenders), and

(b) after each of its Euro-Dollar Loans has been repaid, all payments of principal which would otherwise be applied to repay such Loans shall be applied to repay its Base Rate Loans instead.

If such Lender notifies the Borrowers that the circumstances giving rise to such suspension or demand for compensation no longer exist, the principal amount of each such Base Rate Loan shall be converted into a Euro-Dollar Loan on the first day of the next succeeding Interest Period applicable to the related Euro-Dollar Loans of the other Lenders.

Section 8.06. *Substitution of Lender; Termination Option.* If (i) the obligation of any Lender to make or to convert or continue outstanding Loans as or into Euro-Dollar Loans has been suspended pursuant to Section 8.02, (ii) any Lender has demanded compensation under Section 8.03 or 8.04 (including any demand made by a Lender on behalf of a Participant), (iii) any Lender exercises its right not to extend its Commitment Termination Date pursuant to Section 2.01(b), (iv) any Lender becomes a Defaulting Lender, (v) Investment Grade Status ceases to exist as to any Lender or, (vi) for purposes of (a) below only, any Lender becomes a Non-Consenting Lender, then:

(a) the Company shall have the right, with the assistance of the Administrative Agent (or, if the Administrative Agent is a Defaulting Lender, the Required Lenders), to designate a ~~substitute bank or banks~~ Assignee (which may be one or more of the Lenders) mutually satisfactory to the Company and, so long as any such Persons are not Defaulting Lenders, the Administrative Agent, the Swingline Lender and the Issuing Lenders (whose consent shall not be unreasonably withheld or delayed) to purchase for cash, pursuant to an Assignment and Assumption Agreement in substantially the form of Exhibit D hereto, the outstanding Loans of such Lender and assume the Commitment and Letter of Credit Liabilities of such Lender (including any Commitments, Loans and Letter of Credit Liabilities that have been participated), without recourse to or warranty by, or expense to, such Lender, for a purchase price equal to the principal amount of all of such Lender's outstanding Loans and funded Letter of Credit Liabilities plus any accrued but unpaid interest thereon and the accrued but unpaid fees in respect of such Lender's Commitment hereunder and all other amounts payable by the Borrowers to such Lender hereunder plus such amount, if any, as would be payable pursuant to Section 2.13 if the outstanding Loans of such Lender were prepaid in their entirety on the date of consummation of such assignment; and

(b) if at the time Investment Grade Status exists as to the Borrowers, the Company may elect to terminate this Agreement as to such Lender (including any

Commitments, Loans and Letter of Credit Liabilities that have been participated); *provided* that (i) the Company notifies such Lender through the Administrative Agent (or, if the Administrative Agent is a Defaulting Lender, the Required Lenders) of such election at least three Euro-Dollar Business Days before the effective date of such termination, (ii) the Borrowers repay or prepay the principal amount of all outstanding Loans made by such Lender plus any accrued but unpaid interest thereon and the accrued but unpaid fees in respect of such Lender's Commitment hereunder plus all other amounts payable by the Borrowers to such Lender hereunder, not later than the effective date of such termination and (iii) if at the effective date of such termination, any Letter of Credit Liabilities or Swingline Loans are outstanding, the conditions specified in Section 3.03 would be satisfied (after giving effect to such termination) were the related Letters of Credit issued or the related Swingline Loans made on such date. Upon satisfaction of the foregoing conditions, the Commitment of such Lender shall terminate on the effective date specified in such notice, its participation in any outstanding Letters of Credit or Swingline Loans shall terminate on such effective date and the participations of the other Lenders therein shall be redetermined as of such date as if such Letters of Credit had been issued or such Swingline Loans had been made on such date.

ARTICLE 9  
MISCELLANEOUS

Section 9.01. *Notices.*

(a) All notices, requests and other communications to any party hereunder shall be in writing (including electronic transmission, bank wire, facsimile transmission or similar writing) and shall be given to such party: (x) in the case of any Borrower or the Administrative Agent, at its address or facsimile number set forth on the signature pages hereof (or on the signature pages to Amendment No. 3), (y) in the case of any Lender, at its address or facsimile number set forth in its Administrative Questionnaire or (z) in the case of any party, such other address or facsimile number as such party may hereafter specify for the purpose by notice to the Administrative Agent and the Borrowers. Each such notice, request or other communication shall be effective (i) if given by facsimile, when such facsimile is transmitted to the facsimile number specified in this Section and the appropriate answerback or confirmation slip, as the case may be, is received or (ii) if given by any other means, when delivered at the address specified in this Section; *provided* that notices to the Administrative Agent, the Swingline Lender or any Issuing Lender under Article 2 or Article 8 shall not be effective until delivered. Notices delivered through electronic communications shall be effective as and to the extent provided in subsection (b) below.

(b) Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by the Administrative Agent or as otherwise determined by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article 2 if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Section by electronic communication. The Administrative Agent or any Borrower may, in its

respective discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it or as it otherwise determines, provided that such determination or approval may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not given during the normal business hours of the recipient, such notice or communication shall be deemed to have been given at the opening of business on the next Domestic Business Day or Euro-Dollar Business Day, as applicable, for the recipient, and (ii) notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

Section 9.02. *No Waivers.* No failure or delay by the Administrative Agent or any Lender in exercising any right, power or privilege hereunder or under any Note shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 9.03. *Expenses; Indemnification.* (a) Each Borrower shall pay (i) its Appropriate Share of all reasonable out-of-pocket expenses of the Administrative Agent, including reasonable fees and disbursements of one special counsel for the Administrative Agent, in connection with the preparation of this Agreement, any waiver or consent hereunder or any amendment hereof or any Default or alleged Default with respect to such Borrower hereunder and (ii) if an Event of Default with respect to such Borrower occurs, all reasonable out-of-pocket expenses incurred by the Administrative Agent or any Lender, including reasonable fees and disbursements of counsel, in connection with such Event of Default and collection and other enforcement proceedings resulting therefrom.

(b) Each Borrower agrees to indemnify each Agent and each Lender (including each Issuing Lender) and the respective Related Parties of the foregoing (each an "Indemnitee") and hold each Indemnitee harmless from and against any and all liabilities, losses, penalties, damages, costs and expenses of any kind, including, without limitation, the reasonable fees and disbursements of one counsel for all Indemnitees taken as a whole and, in the case of any actual or potential conflict of interest, one additional counsel to each group of affected Indemnitees similarly situated taken as a whole, which may be incurred by such Indemnitee arising out of or in connection with any ~~investigative, administrative or judicial~~ claim, litigation, investigation or proceeding (whether or not such Indemnitee shall be designated a party thereto) relating to or arising out of this Agreement, or any actual or proposed use of proceeds of Loans hereunder or Letters of Credit hereunder (including any refusal by an Issuing Lender to honor a demand for payment under a Letter of Credit if the documents presented in connection

with such demand do not strictly comply with the terms of such Letter of Credit), in each case to the extent of such Borrower's Appropriate Share; *provided* that no Indemnitee shall have the right to be indemnified hereunder for such Indemnitee's own gross negligence or willful misconduct as determined by a court of competent jurisdiction.

(c) To the fullest extent permitted by applicable law, each Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit, or the use of the proceeds thereof. No Indemnitee referred to in paragraph (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the transactions contemplated hereby or thereby.

Section 9.04. *Sharing of Set-offs.* Each Lender agrees that if it shall, by exercising any right of set-off or counterclaim or otherwise, receive payment of a proportion of the aggregate amount then due with respect to the Loans and Letter of Credit Liabilities held by it which is greater than the proportion received by any other Lender in respect of the aggregate amount then due with respect to the Loans and Letter of Credit Liabilities held by such other Lender, the Lender receiving such proportionately greater payment shall purchase such participations in the Loans and Letter of Credit Liabilities held by the other Lenders, and such other adjustments shall be made, as may be required so that all such payments with respect to the Loans and Letter of Credit Liabilities held by the Lenders shall be shared by the Lenders pro rata; *provided* that (i) nothing in this Section shall impair the right of any Lender to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of indebtedness of a Borrower other than its indebtedness under this Agreement and (ii) this Section is not applicable to Swingline Loans.

Section 9.05. *Amendments and Waivers.* (a) Any provision of this Agreement or the Notes may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by each Borrower and the Required Lenders (and, if the rights or duties of any Agent, the Swingline Lender or any Issuing Lender are affected thereby, by such Person); *provided* that no such amendment or waiver shall (x) unless signed by each adversely affected Lender, (i) increase the Commitment of any Lender or the Maximum Sublimit of any Borrower or subject any Lender to any additional obligation, (ii) reduce the principal of or rate of interest on any Loan or the amount to be reimbursed in respect of any Letter of Credit or any interest thereon or any fees hereunder, or (iii) postpone the date fixed for any payment of principal of or interest on any Loan or for reimbursement in respect of any Letter of Credit or interest thereon or any fees hereunder or for termination of any Commitment; or (iv) unless signed by all Lenders, (i) change the definition of Required Lenders or the provisions of this Section 9.05 or (ii) change the provisions of Section 9.04 or of any other provision of this Agreement providing for the ratable application of payments in respect of the Loans and Letter of Credit Liabilities ~~or~~

~~(y) unless signed by all Lenders, change the definition of Required Lenders or the provisions of this Section 9.05.~~

(b) This Agreement may be amended by the Company to remove any other Borrower as a Borrower (a "Removed Borrower") hereunder subject to: (i) the receipt by the Administrative Agent of prior notice from the Company of such amendment, (ii) repayment in full of all Loans made to such Borrower, (iii) Cash Collateralization of all amounts available for drawing under Letters of Credit issued for the account of such Borrower (or the amendment of such Letter of Credit to provide for the Company as the account party) and (iv) repayment in full of all other amounts owing by such Borrower under this Agreement (it being agreed that any such repayment shall be in accordance with the other terms of this Agreement). Upon the satisfaction of the foregoing conditions the rights and obligations of such Removed Borrower hereunder shall terminate; *provided, however*, that the obligations of such Removed Borrower under Section 9.03 shall survive such amendment.

Section 9.06. *Successors and Assigns.* (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and each Indemnitee, except that no Borrower may assign or otherwise transfer any of its rights under this Agreement without the prior written consent of all Lenders.

(b) Any Lender may, with the consent (unless an Event of Default then exists) of the Company (such consent not to be unreasonably withheld or delayed), at any time grant to one or more banks or other institutions (each a "Participant") participating interests in its Commitment or any or all of its Loans and Letter of Credit Liabilities; *provided* that any Lender may, without the consent of any Borrower, at any time grant participating interests in its Commitment or any or all of its Loans and Letter of Credit Liabilities to another Lender, an Approved Fund or an Affiliate of such transferor Lender. In the event of any such grant by a Lender of a participating interest to a Participant, whether or not upon notice to the Administrative Agent, such Lender shall remain responsible for the performance of its obligations hereunder, and the Borrowers, the Issuing Lenders, the Swingline Lender and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which any Lender may grant such a participating interest shall provide that (A) such Participant agrees to be subject to Section 8.06 as if it were an Assignee under paragraph (c) of this Section 9.06 or as if it were the Lender granting such participation and (B) such Lender shall retain the sole right and responsibility to enforce the obligations of the Borrowers hereunder including, without limitation, the right to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such participation agreement may provide that such Lender will not agree to any modification, amendment or waiver of this Agreement described in clause (x)(i), (ii) or (iii) of Section 9.05(a) without the consent of the Participant. Each Borrower agrees that each Participant shall, to the extent provided in its participation agreement, be entitled to the benefits of Article 8 with respect to its participating interest, subject to the performance by such Participant of the obligations of a Lender thereunder (it being understood that the documentation required

under Section 8.04 shall be delivered by the Participant to the participating Lender and the Participant agrees to be subject to the provisions of Sections 8.04(i), 8.04(j) and 8.06 as if it were an Assignee). In addition, each Lender that sells a participation agrees, at the Borrower's request, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Section 8.06 with respect to any Participant. An assignment or other transfer which is not permitted by subsection (c) or (d) below shall be given effect for purposes of this Agreement only to the extent of a participating interest granted in accordance with this subsection (b). Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations hereunder or under any Note (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant (other than for the consent requirements set forth in the first sentence of this Section 9.06(b)) or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations hereunder or under any Note) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(c) Any Lender may at any time assign to one or more banks or other financial institutions (each an "Assignee") other than ~~(xw)~~ a Borrower ~~(yx)~~ a Subsidiary or Affiliate of a Borrower ~~(zy)~~ a Defaulting Lender or any Person who, upon becoming a Lender hereunder, would constitute a Defaulting Lender, ~~or (z) a natural person (or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person)~~, all, or a proportionate part (equivalent to an initial Commitment of not less than \$10,000,000 (unless the Company and the Administrative Agent shall otherwise agree)) of all, of its rights and obligations under this Agreement and its Note (if any), and such Assignee shall assume such rights and obligations, pursuant to an Assignment and Assumption Agreement in substantially the form of Exhibit D hereto executed by such Assignee and such transferor Lender, with (and only with and subject to) the prior written consent of the Swingline Lender, the Issuing Lenders, the Administrative Agent (which shall not be unreasonably withheld or delayed) and, so long as no Event of Default has occurred and is continuing, the Company (which shall not be unreasonably withheld or delayed); *provided* that unless such assignment is of the entire right, title and interest of the transferor Lender hereunder, after making any such assignment such transferor Lender shall have a Commitment of at least \$10,000,000 (unless the Company and the Administrative Agent shall otherwise agree). Upon execution and delivery of such instrument of assumption and payment by such Assignee to such transferor Lender of an amount equal to the purchase price agreed between such transferor Lender and such Assignee, such Assignee shall be a Lender party to this Agreement and shall have all the rights and obligations of a Lender with a Commitment

as set forth in such instrument of assumption, and the transferor Lender shall be released from its obligations hereunder to a corresponding extent, and no further consent or action by any party shall be required. Upon the consummation of any assignment pursuant to this subsection (c), the transferor Lender, the Administrative Agent and the Borrowers shall make appropriate arrangements so that, if required by the Assignee, a Note(s) is issued to the Assignee. The Assignee shall, prior to the first date on which interest or fees are payable hereunder for its account, deliver to the Borrowers and the Administrative Agent any certifications, forms or other documentation in accordance with Section 8.04. All assignments (other than assignments to Affiliates) shall be subject to a transaction fee established by, and payable by the transferor Lender to, the Administrative Agent for its own account (which shall not exceed \$3,500).

(d) Any Lender may at any time assign all or any portion of its rights under this Agreement and its Note (if any) to a Federal Reserve Bank. No such assignment shall release the transferor Lender from its obligations hereunder or modify any such obligations.

(e) No Assignee, Participant or other transferee of any Lender's rights (including any Applicable Lending Office other than such Lender's initial Applicable Lending Office) shall be entitled to receive any greater payment under Section 8.03 or 8.04 than such Lender would have been entitled to receive with respect to the rights transferred, unless such transfer is made by reason of the provisions of Section 8.02, 8.03 or 8.04 requiring such Lender to designate a different Applicable Lending Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

Section 9.07. *Collateral.* Each of the Lenders represents to the Administrative Agent and each of the other Lenders that it in good faith is not relying upon any "margin stock" (as defined in Regulation U) as collateral in the extension or maintenance of the credit provided for in this Agreement.

Section 9.08. *Confidentiality.* Each ~~Agent and each~~ Lender Party (i) agrees to keep any information delivered or made available by any Borrower pursuant to this Agreement confidential from anyone other than persons employed or retained by such Lender Party and its Affiliates who are engaged in evaluating, approving, structuring or administering the credit facility contemplated hereby and (ii) further agrees on behalf of itself and, to the extent it has the power to do so, its Affiliates and agents, to keep all other information delivered or made available to it by any Borrower or Affiliate of any Borrower for other purposes which, (x) is marked confidential and is expressly made available subject to the terms of this section, and (y) is not otherwise subject to a confidentiality agreement, confidential from anyone other than persons employed or retained by such Lender Party and its Affiliates and agents who need to receive such information in furtherance of the engagement or matter pursuant to which the information is provided; *provided* that nothing herein shall prevent any Lender Party or, solely with respect to information disclosed in a manner set forth in clauses (b) through (g) and ~~(h)~~ in this Section 9.08, any Affiliate of such Lender from disclosing such information, to the extent necessary under the circumstances under which such disclosure is required, (a) to any other Lender



or any Agent, (b) upon the order of any court or administrative agency, (c) upon the request or demand of any regulatory agency or authority or self-regulatory body, (d) which had been publicly disclosed other than as a result of a disclosure by any ~~Agent or any Lender Party~~ prohibited by this Agreement or which had already been in the possession of a Lender Party or not acquired from any Borrower or persons known by Lender Parties to be in breach of an obligation of confidentiality to any Borrower, (e) in connection with any litigation to which any ~~Agent, any Lender Party~~ or any Affiliate or their respective subsidiaries or Parent may be a party, (f) to the extent necessary in connection with the exercise of any remedy hereunder or other engagement or matter, (g) to such ~~Lender's, Lender Party's or Affiliate's or any Agent's~~ legal counsel and independent auditors, (h) subject to provisions substantially similar to those contained in this Section 9.08, to any actual or proposed Participant or Assignee, (i) to any direct, indirect, actual or prospective counterparty (and its advisor) to any swap, derivative or securitization transaction related to the obligations under this Agreement, (j) on a confidential basis to the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the loans ~~and~~, (k) on a confidential basis to rating agencies in consultation and coordination with the Company, (l) for purposes of establishing a "due diligence" defense, (m) with the consent of the Company and (n) on a confidential basis to any credit insurance provider requiring access to such information in connection with credit insurance for the benefit of the disclosing Lender Party.

Section 9.09. *Governing Law; Submission to Jurisdiction.* This Agreement and each Note (if any) shall be construed in accordance with and governed by the law of the State of New York. Each Borrower and each Lender Party hereby submits to the exclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York County for purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each Borrower and each Lender Party irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

Section 9.10. *Counterparts; Integration.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of an executed signature page of this Agreement by facsimile or electronic transmission shall be effective as delivery of a manually executed counterpart hereof. This Agreement constitutes the entire agreement and understanding among the parties hereto and supersedes any and all prior agreements and understandings, oral or written, relating to the subject matter hereof.

Section 9.11. *WAIVER OF JURY TRIAL.* EACH OF THE BORROWERS, THE AGENTS, THE ISSUING LENDERS AND THE LENDERS, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO UNDER APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY

LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 9.12. *USA Patriot Act.* Each Lender hereby notifies each Borrower that pursuant to the requirements of the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "Act"), it is required to obtain, verify and record information that identifies such Borrower, which information includes the name and address of such Borrower and other information that will allow such Lender to identify such Borrower in accordance with the Act.

Section 9.13. *Termination of Commitments Under Existing Credit Agreements.*

(a) The Borrowers and each of the Lenders that is also a "Bank" party to the Existing Credit Agreement (which Lenders constitute the "Required Banks" (as defined therein) under the Existing Credit Agreement) agree that the "Commitments" as defined in the Existing Credit Agreement shall be terminated in their entirety on the Initial Effective Date in accordance with the terms thereof. Each of such Lenders waives any requirement of notice of such termination of the Existing Credit Agreement.

(b) The Progress Borrowers, Progress Energy, Inc., through its execution of the Progress Energy, Inc. Consent in the form attached as Exhibit I, and each of the Lenders that is also a "Lender" party to any of the Existing Progress Credit Agreements (which Lenders constitute the "Majority Lenders" (as defined in each of the Existing Progress Credit Agreements) agree that the "Commitments" (as defined in each of the Existing Progress Credit Agreements) under each of the Existing Progress Credit Agreements shall be terminated in their entirety on the Second Effective Date in accordance with the terms thereof. Each of such Lenders waives any requirement of notice of such termination of any Existing Progress Credit Agreement.

(c) Progress Energy, Inc., through its execution of the Progress Energy, Inc. Consent in the form attached as Exhibit I, and Wells Fargo agree that the Existing Progress Parent LC Facility shall be terminated in its entirety on the Second Effective Date in accordance with the terms thereof.

Section 9.14. *No Fiduciary Duty.* Each Borrower agrees that in connection with all aspects of the Loans and Letters of Credit contemplated by this Agreement and any communications in connection therewith, (i) such Borrower and its Subsidiaries, on the one hand, and the Agents, the Lenders and their respective affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Agents, the Lenders or their respective affiliates, and no such duty will be deemed to have arisen in connection with any such transactions or communications and (ii) the Administrative Agent, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of such Borrower and its Affiliates, and neither the Administrative Agent nor any Lender has any obligation to disclose any of such interests to such Borrower or any of its Affiliates.

Section 9.15. *Survival.* Each party's rights and obligations under Articles 7, 8 and 9 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all obligations hereunder or under any Note and the termination of this Agreement.

Section 9.16. *Acknowledgement and Consent to Bail-in of EEA Financial Institutions.* Notwithstanding anything to the contrary in this Agreement, any Note or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under this Agreement or any Note, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

- (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and
- (b) the effects of any Bail-in Action on any such liability, including, if applicable:
  - (i) a reduction in full or in part or cancellation of any such liability;
  - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any Note; or
  - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

COMMITMENT SCHEDULE

Lender	Total Commitments
Wells Fargo Bank, National Association	\$340,000,000
Bank of America, N.A.	\$340,000,000
<del>The Royal Bank of Canada</del>	<del>\$340,000,000</del>
<del>JPMorgan Chase Bank of Scotland plc, N.A.</del>	<del>\$340,000,000</del>
<del>Mizuho Bank, Ltd.</del>	<del>\$400,000,000</del>
Bank of China, New York Branch	\$340,000,000
Barclays Bank PLC	\$340,000,000
Citibank, N.A.	\$340,000,000
Credit Suisse AG, Cayman Islands Branch	\$340,000,000
<del>JPMorgan Chase Royal Bank, N.A. of Canada</del>	<del>\$340,000,000</del>
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	\$340,000,000
<del>UBS AG, Stamford Branch</del>	<del>\$340,000,000</del>
BNP Paribas	\$264,000,000
Goldman Sachs Bank USA	\$264,000,000
<del>Mizuho Bank, Ltd.</del>	<del>\$264,000,000</del>
Morgan Stanley Bank, N.A.	\$264,000,000
<del>Royal Sun Trust Bank of Canada</del>	<del>\$264,000,000</del>
<del>Sun Trust TD Bank, N.A.</del>	<del>\$264,000,000</del>
The Bank of Nova Scotia	\$264,000,000
U.S. Bank National Association	\$264,000,000
<del>Banco Bilbao Vizcaya Argentaria, S.A., New York Branch</del>	<del>\$142,000,000</del>
<del>UBS AG, Stamford Branch</del>	<del>\$142,000,000</del>
Industrial and Commercial Bank of China Limited Branch Banking & Trust Company	\$142,000,000
KeyBank National Association	\$142,000,000
<del>The Bank of New York Mellon</del>	<del>\$142,000,000</del>
<del>The Northern Trust Company</del>	<del>\$142,000,000</del>
<del>Fifth Third Bank</del>	<del>\$142,000,000</del>
Credit Agricole Corporate and Investment Bank	\$142,000,000
PNC Bank, National Association	\$142,000,000
<del>Santander Regions Bank, N.A.</del>	<del>\$142,000,000</del>
<del>Banco Santander, S.A., New York Branch</del>	<del>\$142,000,000</del>
<del>Canadian Imperial Bank of Commerce, New York Branch</del>	<del>\$142,000,000</del>
<del>Sumitomo Mitsui Banking Corporation</del>	<del>\$142,000,000</del>
<del>DNB Bank ASA, Grand Cayman Branch</del>	<del>\$142,000,000</del>
<del>HSBC Bank USA, National Association</del>	<del>\$142,000,000</del>
<del>Sumitomo Mitsui Banking Corporation</del>	<del>\$142,000,000</del>
<del>The Bank of New York Mellon</del>	<del>\$175,000,000</del>
<del>The Northern Trust Company</del>	<del>\$175,000,000</del>
<b>TOTAL</b>	<b>\$8,000,000,000</b>

Pricing Schedule

Each of "Applicable Margin" and "Facility Fee Rate" means, for any date, the rate set forth below in the applicable row and column corresponding to the credit rating of the applicable Borrower that exists on such date:

(basis points per annum)

Borrower's Credit Rating	<u>at least AA by S&amp;P or Fitch or Aa2 by Moody's</u>	<u>at least AA-by S&amp;P or Fitch or Aa3 by Moody's</u>	at least A+ by S&P or Fitch or A1 by Moody's	at least A by S&P or Fitch or A2 by Moody's	at least A- by S&P or Fitch or A3 by Moody's	at least BBB+ by S&P or Fitch or Baa1 by Moody's	at least BBB by S&P or Fitch or Baa2 by Moody's	less than BBB by S&P or Fitch and less than Baa2 by Moody's
Facility Fee Rate	4.0	6.0	7.5	10.0	12.5	17.5	22.5	27.5
Applicable Margin								
Euro-Dollar Loans and								
Swingline Loans	58.5	69.0	80.0	90.0	100.0	107.5	127.5	147.5
Base Rate Loans	0.0	0.0	0.0	0.0	0.0	7.5	27.5	47.5

For purposes of the above Pricing Schedule a "Borrower Credit Rating" means, as of any date of determination with respect to any Borrower, the rating as determined by ~~one or more of Standard & Poor's, a division of the McGraw-Hill Companies Financial Services LLC, a subsidiary of S&P Global Inc.,~~ together with its successors ("S&P"), or Moody's Investors Service, Inc., together with its successors ("Moody's"), or Fitch Ratings Inc., together with its successors ("Fitch"), of such Borrower's non-credit-enhanced, senior unsecured long-term debt, regardless of whether any such debt is outstanding; provided that (a) if ratings exist by all three rating agencies and the respective ratings issued by two of the rating agencies are the same and one differs, the pricing level shall be determined based on the two ratings that are the same, (b) if ratings exist by all three rating agencies and none of the respective ratings are the same, the pricing level shall be determined based on the middle rating, (c) if only two ratings exist and they differ by one level, then the pricing level for the higher of such ratings shall apply; (d) if only two ratings exist and they differ by more than one level, then the pricing level that is one level lower than the pricing level of the higher rating shall apply; (e) if only one rating exists, the pricing level shall be determined based on that rating; (f) if no such rating exists for such Borrower, then a corporate credit rating from S&P and the issuer ratings from Moody's and Fitch should be used and differences between those ratings and resolving non-existent ratings from any of those rating agencies shall be determined in the same manner as set forth in clauses (a) through (e) of this proviso; and

(g) if no such rating in clause (f) exists for such Borrower, the highest pricing level (less than “BBB” pricing level) shall apply. A change in rating will result in an immediate change in the applicable pricing.

EXHIBIT A

NOTE

New York, New York

, 20

For value received, [Duke Energy Corporation., a Delaware corporation] [Duke Energy Carolinas, LLC, a North Carolina limited liability company] [Duke Energy Ohio, Inc., a Ohio corporation] [Duke Energy Indiana, ~~Inc.~~ LLC, an Indiana corporation] [Duke Energy Kentucky, Inc., a Kentucky corporation] [Duke Energy Progress, ~~Inc.~~ LLC, a North Carolina corporation] [Duke Energy Florida, ~~Inc.~~ LLC, a Florida corporation] [Piedmont Natural Gas Company, Inc., a North Carolina corporation] (the "**Borrower**"), promises to pay to [ ] (the "**Lender**") or its registered assigns, for the account of its Applicable Lending Office, the unpaid principal amount of each Loan made by the Lender to the Borrower pursuant to the Credit Agreement referred to below on the date specified in the Credit Agreement. The Borrower promises to pay interest on the unpaid principal amount of each such Loan on the dates and at the rate or rates provided for in the Credit Agreement. All such payments of principal and interest shall be made in lawful money of the United States in Federal or other immediately available funds at the office of Wells Fargo Bank, National Association.

All Loans made by the Lender, the respective types and maturities thereof and all repayments of the principal thereof shall be recorded by the Lender, and the Lender, if the Lender so elects in connection with any transfer or enforcement of its Note, may endorse on the schedule attached hereto appropriate notations to evidence the foregoing information with respect to the Loans then outstanding; *provided* that the failure of the Lender to make any such recordation or endorsement shall not affect the obligations of the Borrower hereunder or under the Credit Agreement.

This note is one of the Notes referred to in the Credit Agreement dated as of November 18, 2011 among Duke Energy Corporation and the other Borrowers party thereto, the Lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, and the other Agents party thereto (as the same may be amended from time to time, the "**Credit Agreement**"). Terms defined in the Credit Agreement are used herein with the same meanings. Reference is made to the Credit Agreement for provisions for the prepayment hereof and the acceleration of the maturity hereof.

[DUKE ENERGY CORPORATION]

[DUKE ENERGY CAROLINAS, LLC]

[DUKE ENERGY OHIO, INC.]

[DUKE ENERGY INDIANA, ~~INC-LLC~~]

[DUKE ENERGY KENTUCKY, INC.]

[DUKE ENERGY PROGRESS, ~~INC-LLC~~]

[DUKE ENERGY FLORIDA, LLC]

[DUKE ENERGY-  
FLORIDA-PIEDMONT NATURAL  
GAS COMPANY, INC.]

By: \_\_\_\_\_  
Title:

A-2

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Note (cont'd)

**LOANS AND PAYMENTS OF PRINCIPAL**

<b>Date</b>	<b>Amount of Loan</b>	<b>Type of Loan</b>	<b>Amount of Principal Repaid</b>	<b>Maturity Date</b>	<b>Notation Made By</b>
A-3					

EXHIBIT B

OPINION OF INTERNAL COUNSEL OF THE BORROWER

[Effective Date]

To the Lenders and the Administrative Agent  
Referred to Below

c/o Wells Fargo Bank, National Association  
as Administrative Agent

[ ]  
[ ]  
[ ]  
[ ]

Attn: [ ]

Ladies and Gentlemen:

I am [title of internal counsel] of [Duke Energy Corporation] [Duke Energy Carolinas, LLC] [Duke Energy Ohio, Inc.] [Duke Energy Indiana, Inc.] [Duke Energy Kentucky, Inc.] [Piedmont Natural Gas Company, Inc.] (the "Borrower") and have acted as its counsel in connection with the Credit Agreement (as amended, the "Credit Agreement"), dated as of [ ], 2011, among the Borrower, the other Borrowers party thereto, the Lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, and the other Agents party thereto. Capitalized terms defined in the Credit Agreement are used herein as therein defined. This opinion letter is being delivered pursuant to Section 3.01(b) of the Credit Agreement.

In such capacity, I or attorneys under my direct supervision have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as I have deemed necessary or advisable for purposes of this opinion.

Upon the basis of the foregoing, I am of the opinion that:

1. The Borrower is [a Delaware corporation] [a North Carolina limited liability company] [an Ohio corporation] [an Indiana corporation] [a Kentucky corporation] [a North Carolina corporation], validly existing and in good standing under the laws of [Delaware] [North Carolina] [Ohio] [Indiana] [Kentucky].

2. The execution, delivery and performance by the Borrower of the Credit Agreement and any Notes are within the Borrower's corporate powers, have been duly authorized by all necessary corporate action, require no action by or in respect of, or filing with, any governmental body, agency or official (except for [list exceptions], which have been obtained or made, as the case may be, and are in full force and effect) and do not contravene, or constitute a default under, any provision of applicable law or regulation or of the articles of incorporation or by-laws of the Borrower or, to my knowledge, of any material agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or, to my knowledge, result in the creation or imposition of any Lien on any asset of the Borrower or any of its Material Subsidiaries.

3. The Credit Agreement and any Notes executed and delivered as of the date hereof have been duly executed and delivered by the Borrower.

4. Except as publicly disclosed prior to the Initial Effective Date, to my knowledge (but without independent investigation), there is no action, suit or proceeding pending or threatened against or affecting, the Borrower or any of its Subsidiaries before any court or arbitrator or any governmental body, agency or official, which would be likely to be decided adversely to the Borrower or such Subsidiary and, as a result, to have a material adverse effect upon the business, consolidated financial position or consolidated results of operations of the Borrower and its Consolidated Subsidiaries, considered as a whole, or which in any manner draws into question the validity of the Credit Agreement or any Notes.

The phrase "to my knowledge", as used in the foregoing opinion, refers to my actual knowledge without any independent investigation as to any such matters.

I am a member of the Bar of the State of [Delaware] [North Carolina] [Ohio] [Indiana] [Kentucky] and do not express any opinion herein concerning any law other than the law of the State of [Delaware] [North Carolina] [Ohio] [Indiana] [Kentucky] and the federal law of the United States of America.

The opinions expressed herein are limited to the matters expressly stated herein, and no opinion is to be inferred or may be implied beyond the matters expressly so stated. This opinion is rendered to you in connection with the above-referenced matter and may not be relied upon by you for any other purpose, or relied upon by, or furnished to, any other Person, firm or corporation without my prior written consent, except for Additional Lenders and Assignees. My opinions expressed herein are as of the date hereof, and I undertake no obligation to advise you of any changes of applicable law or any other matters that may come to my attention after the date hereof that may affect my opinions expressed herein.

Very truly yours,

EXHIBIT C

OPINION OF  
ROBINSON, BRADSHAW & HINSON, P.A.,  
SPECIAL COUNSEL FOR THE BORROWER

[Effective Date]

To the Lenders and the Administrative Agent  
Referred to Below

c/o Wells Fargo Bank, National Association  
as Administrative Agent

[ ]  
[ ]  
[ ]  
[ ]

Attn: [ ]

Ladies and Gentlemen:

We have acted as counsel to [Duke Energy Corporation., a Delaware corporation] [Duke Energy Carolinas, LLC, a North Carolina limited liability company] [Duke Energy Ohio, Inc., a Ohio corporation] [Duke Energy Indiana, Inc., an Indiana corporation] [Duke Energy Kentucky, Inc., a Kentucky corporation] [Piedmont Natural Gas Company, Inc., a North Carolina corporation] (the "Borrower"), in connection with the Credit Agreement (as amended, the "Credit Agreement"), dated as of [ ], 2011, among the Borrower, the other Borrowers party thereto, the Lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, and the other Agents party thereto. Capitalized terms used herein and not defined shall have the meanings given to them in the Credit Agreement. This opinion letter is being delivered pursuant to Section 3.01(b) of the Credit Agreement.

In connection with this opinion, we also examined originals, or copies identified to our satisfaction, of such other documents and considered such matters of law and fact as we, in our professional judgment, have deemed appropriate to render the opinions contained herein. Where we have considered it appropriate, as to certain facts we have relied, without investigation or analysis of any underlying data contained therein, upon certificates or other comparable documents of public officials and officers or other appropriate representatives of the Borrower.

In rendering the opinions contained herein, we have assumed, among other things, that the Credit Agreement and any Notes to be executed (i) are within the Borrower's corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii)

have been duly executed and delivered, (iv) require no action by or in respect of, or filing with, any governmental body, agency or official and (v) do not contravene, or constitute a default under, any provision of applicable law or regulation or of the Borrower's certificate of incorporation or by-laws or any agreement, judgment, injunction, order, decree or other instrument binding upon the Borrower or result in the creation or imposition of any Lien on any asset of the Borrower. In addition, we have assumed that the Credit Agreement fully states the agreement between the Borrower and the Lenders with respect to the matters addressed therein, and that the Credit Agreement constitutes a legal, valid and binding obligation of each Lender, enforceable in accordance with its respective terms.

The opinions set forth herein are limited to matters governed by the laws of the State of North Carolina and the federal laws of the United States, and no opinion is expressed herein as to the laws of any other jurisdiction. For purposes of our opinions, we have disregarded the choice of law provisions in the Credit Agreement and, instead, have assumed with your permission that the Credit Agreement and the Notes are governed exclusively by the internal, substantive laws and judicial interpretations of the State of North Carolina. We express no opinion concerning any matter respecting or affected by any laws other than laws that a lawyer in North Carolina exercising customary professional diligence would reasonably recognize as being directly applicable to the Borrower, the Loans, or any of them.

Based upon and subject to the foregoing and the further limitations and qualifications hereinafter expressed, it is our opinion that the Credit Agreement constitutes the legal, valid and binding obligation of the Borrower and the Notes, if and when issued, will constitute legal, valid and binding obligations of the Borrower, in each case, enforceable against the Borrower in accordance with its terms.

The opinions expressed above are subject to the following qualifications and limitations:

1. Enforcement of the Credit Agreement and the Notes is subject to the effect of applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and similar laws affecting the enforcement of creditors' rights generally.
2. Enforcement of the Credit Agreement and the Notes is subject to the effect of general principles of equity (regardless of whether considered in a proceeding in equity or at law) by which a court with proper jurisdiction may deny rights of specific performance, injunction, self-help, possessory remedies or other remedies.
3. We do not express any opinion as to the enforceability of any provisions contained in the Credit Agreement or any Note that (i) purport to excuse a party for liability for its own acts, (ii) purport to make void any act done in contravention thereof, (iii) purport to authorize a party to act in its sole discretion, (iv) require waivers or amendments to be made only in writing, (v) purport to effect waivers of constitutional, statutory or equitable rights or the effect of applicable laws, (vi) impose liquidated damages, penalties or forfeiture, or (vii) purport to indemnify a party for its own

negligence or willful misconduct. Indemnification provisions in the Credit Agreement are subject to and may be rendered unenforceable by applicable law or public policy, including applicable securities law.

4. We do not express any opinion as to the enforceability of any provisions contained in the Credit Agreement or the Notes purporting to require a party thereto to pay or reimburse attorneys' fees incurred by another party, or to indemnify another party therefor, which may be limited by applicable statutes and decisions relating to the collection and award of attorneys' fees, including but not limited to North Carolina General Statutes § 6-21.2.

5. We do not express any opinion as to the enforceability of any provisions contained in the Credit Agreement purporting to waive the right of jury trial. Under North Carolina General Statutes § 22B-10, a provision for the waiver of the right to a jury trial is unconscionable and unenforceable.

6. We do not express any opinion as to the enforceability of any provisions contained in the Credit Agreement concerning choice of forum or consent to the jurisdiction of courts, venue of actions or means of service of process.

7. It is likely that North Carolina courts will enforce the provisions of the Credit Agreement providing for interest at a higher rate resulting from a Default or Event of Default (a "Default Rate") which rate is higher than the rate otherwise stipulated in the Credit Agreement. The law, however, disfavors penalties, and it is possible that interest at the Default Rate may be held to be an unenforceable penalty, to the extent such rate exceeds the rate applicable prior to a default under the Credit Agreement. Also, since North Carolina General Statutes § 24-10.1 expressly provides for late charges, it is possible that North Carolina courts, when faced specifically with the issue, might rule that this statutory late charge preempts any other charge (such as default interest) by a bank for delinquent payments. The only North Carolina case which we have found that addresses this issue is a 1978 Court of Appeals decision, which in our opinion is of limited precedential value, *North Carolina National Bank v. Burnette*, 38 N.C. App. 120, 247 S.E.2d 648 (1978), *rev'd on other grounds*, 297 N.C. 524, 256 S.E.2d 388 (1979). While the court in that case did allow interest after default (commencing with the date requested in the complaint) at a rate six percent in excess of pre-default interest, we are unable to determine from the opinion that any question was raised as to this being penal in nature, nor does the court address the possible question of the statutory late charge preempting a default interest surcharge. Therefore, since the North Carolina Supreme Court has not ruled in a properly presented case raising issues of its possible penal nature and those of North Carolina General Statutes § 24-10.1, we are unwilling to express an unqualified opinion that the Default Rate of interest prescribed in the Credit Agreement is enforceable.

8. We do not express any opinion as to the enforceability of any provisions contained in the Credit Agreement relating to evidentiary standards or other standards by which the Credit Agreement are to be construed.

This opinion letter is delivered solely for your benefit in connection with the Credit Agreement and, except for any Additional Lender or any Assignee which becomes a Lender pursuant to Section 2.17(b) or Section 9.06(c) of the Credit Agreement, may not be used or relied upon by any other Person or for any other purpose without our prior written consent in each instance. Our opinions expressed herein are as of the date hereof, and we undertake no obligation to advise you of any changes of applicable law or any other matters that may come to our attention after the date hereof that may affect our opinions expressed herein.

Very truly yours,

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EXHIBIT D

ASSIGNMENT AND ASSUMPTION AGREEMENT

AGREEMENT dated as of \_\_\_\_\_, 20\_\_\_\_ among [ASSIGNOR] (the "Assignor"), [ASSIGNEE] (the "Assignee"), [DUKE ENERGY CORPORATION] and WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent (the "Administrative Agent").

WITNESSETH

WHEREAS, this Assignment and Assumption Agreement (the "Agreement") relates to the Credit Agreement dated as of November 18, 2011 among Duke Energy Corporation and the other Borrowers party thereto, the Assignor and the other Lenders party thereto, as Lenders, the Administrative Agent and the other Agents party thereto (~~as the same may be amended, modified, extended or restated from time to time~~, the "Credit Agreement");

WHEREAS, as provided under the Credit Agreement, the Assignor has a Commitment to make Loans to the Borrowers and participate in Letters of Credit in an aggregate principal amount at any time outstanding not to exceed \$ \_\_\_\_\_; ~~(+)3~~

WHEREAS, Loans made to the Borrowers by the Assignor under the Credit Agreement in the aggregate principal amount of \$ \_\_\_\_\_ are outstanding at the date hereof;

WHEREAS, Letters of Credit with a total amount available for drawing thereunder of \$ \_\_\_\_\_ are outstanding at the date hereof; and

WHEREAS, the Assignor proposes to assign to the Assignee all of the rights of the Assignor under the Credit Agreement in respect of a portion of its Commitment thereunder in an amount equal to \$ \_\_\_\_\_ (the "Assigned Amount"), together with a corresponding portion of its outstanding Loans and Letter of Credit Liabilities, and the Assignee proposes to accept assignment of such rights and assume the corresponding obligations from the Assignor on such terms;\*

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, the parties hereto agree as follows:

SECTION 1. *Definitions.* All capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Credit Agreement.

~~(+)3~~ The asterisked provisions shall be appropriately revised in the event of an assignment after the Commitment Termination Date.



SECTION 2. *Assignment.* The Assignor hereby assigns and sells to the Assignee all of the rights of the Assignor under the Credit Agreement to the extent of the Assigned Amount, and the Assignee hereby accepts such assignment from the Assignor and assumes all of the obligations of the Assignor under the Credit Agreement to the extent of the Assigned Amount, including the purchase from the Assignor of the corresponding portion of the principal amount of the Loans made by, and Letter of Credit Liabilities of, the Assignor outstanding at the date hereof. Upon the execution and delivery hereof by the Assignor, the Assignee [Duke Energy Corporation] [the Issuing Lenders] and the Administrative Agent, and the payment of the amounts specified in Section 3 required to be paid on the date hereof (i) the Assignee shall, as of the date hereof, succeed to the rights and be obligated to perform the obligations of a Lender under the Credit Agreement with a Commitment in an amount equal to the Assigned Amount, and (ii) the Commitment of the Assignor shall, as of the date hereof, be reduced by a like amount and the Assignor released from its obligations under the Credit Agreement to the extent such obligations have been assumed by the Assignee. The assignment provided for herein shall be without recourse to the Assignor.

SECTION 3. *Payments.* As consideration for the assignment and sale contemplated in Section 2 hereof, the Assignee shall pay to the Assignor on the date hereof in Federal funds the amount heretofore agreed between them. ~~(2)(4)~~ It is understood that facility [and Letter of Credit] fees accrued to the date hereof in respect of the Assigned Amount are for the account of the Assignor and such fees accruing from and including the date hereof are for the account of the Assignee. Each of the Assignor and the Assignee hereby agrees that if it receives any amount under the Credit Agreement which is for the account of the other party hereto, it shall receive the same for the account of such other party to the extent of such other party's interest therein and shall promptly pay the same to such other party.

SECTION 4. *Consent to Assignment.* This Agreement is conditioned upon the consent of [Duke Energy Corporation,] [the Swingline Lender,] [the Issuing Lenders] and the Administrative Agent pursuant to Section 9.06(c) of the Credit Agreement. The execution of this Agreement by [Duke Energy Corporation,] [the Issuing Lenders] and the Administrative Agent is evidence of this consent. Pursuant to Section 9.06(c) each Borrower agrees to execute and deliver a Note, if required by the Assignee, payable to the order of the Assignee to evidence the assignment and assumption provided for herein.

SECTION 5. *Non-reliance on Assignor.* The Assignor makes no representation or warranty in connection with, and shall have no responsibility with respect to, the solvency, financial condition, or statements of any Borrower, or the validity and enforceability of the obligations of any Borrower in respect of the Credit Agreement or any Note. The Assignee acknowledges that it has, independently and without reliance on the Assignor, and based on such documents and information as it has deemed

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~~(2)(4)~~ Amount should combine principal together with accrued interest and breakage compensation, if any, to be paid by the Assignee. It may be preferable in an appropriate case to specify these amounts generically or by formula rather than as a fixed sum.

appropriate, made its own credit analysis and decision to enter into this Agreement and will continue to be responsible for making its own independent appraisal of the business, affairs and financial condition of each Borrower.

SECTION 6. *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 7. *Counterparts.* This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 8. *Administrative Questionnaire.* Attached is an Administrative Questionnaire duly completed by the Assignee.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR]

By: \_\_\_\_\_  
Title:

[ASSIGNEE]

By: \_\_\_\_\_  
Title:

[DUKE ENERGY CORPORATION]

By: \_\_\_\_\_  
Title:

WELLS FARGO BANK, NATIONAL  
ASSOCIATION as Administrative Agent

By: \_\_\_\_\_  
Title:

EXHIBIT E

EXTENSION AGREEMENT

Wells Fargo Bank, National Association, as Administrative  
Agent under the Credit Agreement referred to below

[ ]  
[ ]  
[ ]  
[ ]

Attn: [ ]

Ladies and Gentlemen:

Effective as of [date], the undersigned hereby agrees to extend its Commitment and Commitment Termination Date under the Credit Agreement dated as of November 18, 2011 ~~(as amended by Amendment No. 1, dated as of December 18, 2013)~~, among Duke Energy Corporation and the other Borrowers party thereto, the Lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, and the other Agents party thereto (as amended, the "Credit Agreement") for one year to [date to which its Commitment Termination Date is to be extended] pursuant to Section 2.01(b) of the Credit Agreement. Terms defined in the Credit Agreement are used herein as therein defined.

This Extension Agreement shall be construed in accordance with and governed by the law of the State of New York. This Extension Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[NAME OF BANK]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Agreed and Accepted:

DUKE ENERGY CORPORATION,  
as Borrower

By: \_\_\_\_\_  
Title:

DUKE ENERGY CAROLINAS, LLC,  
as Borrower

By: \_\_\_\_\_  
Title:

DUKE ENERGY OHIO, INC.,  
as Borrower

By: \_\_\_\_\_  
Title:

DUKE ENERGY INDIANA, INC.,  
as Borrower

By: \_\_\_\_\_  
Title:

DUKE ENERGY KENTUCKY, INC.,  
as Borrower

By: \_\_\_\_\_  
Title:

~~DUKE ENERGY PROGRESS, INC.,~~  
~~DUKE ENERGY PROGRESS, LLC,~~  
as Borrower

By: \_\_\_\_\_  
Title:

DUKE ENERGY FLORIDA, LLC,  
as Borrower

By: \_\_\_\_\_  
Title:

~~DUKE ENERGY~~  
~~FLORIDAPIEDMONT NATURAL~~  
GAS COMPANY, INC.,  
as Borrower

By: \_\_\_\_\_  
Title:

WELLS FARGO BANK, NATIONAL  
ASSOCIATION,  
as Administrative Agent

By: \_\_\_\_\_  
Title:

EXHIBIT F

NOTICE OF ISSUANCE

Date:

To: Wells Fargo Bank, National Association, as Administrative Agent  
, as Issuing Lender

From: [Duke Energy Corporation] [Duke Energy Carolinas, LLC] [Duke Energy Ohio, Inc.] [Duke Energy Indiana, ~~Inc.~~ LLC] [Duke Energy  
Kentucky, ~~Inc.~~ LLC] [Duke Energy Progress, ~~Inc.~~ LLC] [Duke Energy Florida, Inc.] [Piedmont Natural Gas Company, Inc.]

Re: Credit Agreement dated as of November 18, 2011 (as amended from time to time, the "Credit Agreement") among Duke Energy Corporation  
and the other Borrowers party thereto, the Lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent and the  
other Agents party thereto

[Duke Energy Corporation] [Duke Energy Carolinas, LLC] [Duke Energy Ohio, Inc.] [Duke Energy Indiana, ~~Inc.~~ LLC] [Duke Energy Kentucky, Inc.]  
[Duke Energy Progress, ~~Inc.~~ LLC] [Duke Energy Florida, LLC] [Piedmont Natural Gas Company, Inc.] hereby gives notice pursuant to Section 2.15(b) of the  
Credit Agreement that it requests the above-named Issuing Lender to issue on or before a Letter of Credit containing the terms attached hereto as  
Schedule I (the "Requested Letter of Credit").

The Requested Letter of Credit will be subject to [UCP 500] [ISP98].

[Duke Energy Corporation] [Duke Energy Carolinas, LLC] [Duke Energy Ohio, Inc.] [Duke Energy Indiana, ~~Inc.~~ LLC] [Duke Energy Kentucky, Inc.]  
[Duke Energy Progress, ~~Inc.~~ LLC] [Duke Energy Florida, LLC] [Piedmont Natural Gas Company, Inc.] hereby represents and warrants to the Issuing  
Lender, the Administrative Agent and the Lenders that:

- (a) immediately after the issuance of the Requested Letter of Credit, (i) the Utilization Limits are not exceeded and (ii) the aggregate amount of  
the Letter of Credit Liabilities shall not exceed \$800,000,000;
- (b) immediately after the issuance of the Requested Letter of Credit, no Default shall have occurred and be continuing; and
- (c) the representations and warranties contained in the Credit Agreement (except the representations and warranties set forth in  
Section 4.04(c) and Section 4.06 of the Credit Agreement) shall be true on and as of the date of issuance of the Requested Letter of Credit.



[Duke Energy Corporation] [Duke Energy Carolinas, LLC] [Duke Energy Ohio, Inc.] [Duke Energy Indiana, ~~Inc.~~ LLC] [Duke Energy Kentucky, Inc.] [Duke Energy Progress, ~~Inc.~~ LLC] [Duke Energy Florida, LLC] [Piedmont Natural Gas Company, Inc.] hereby authorizes the Issuing Lender to issue the Requested Letter of Credit with such variations from the above terms as the Issuing Lender may, in its discretion, determine are necessary and are not materially inconsistent with this Notice of Issuance. The opening of the Requested Letter of Credit and [Duke Energy Corporation] [Duke Energy Carolinas, LLC] [Duke Energy Ohio, Inc.] [Duke Energy Indiana, ~~Inc.~~ LLC] [Duke Energy Kentucky, Inc.] [Duke Energy Progress, ~~Inc.~~ LLC] [Duke Energy Florida, LLC] [Piedmont Natural Gas Company, Inc.]'s responsibilities with respect thereto are subject to [UCP 500] [ISP98] as indicated above and the terms and conditions set forth in the Credit Agreement.

Terms used herein and not otherwise defined herein have the meanings assigned to them in the Credit Agreement.

[DUKE ENERGY CORPORATION]

[DUKE ENERGY CAROLINAS, LLC]

[DUKE ENERGY OHIO, INC.]

[DUKE ENERGY INDIANA, ~~INC.~~ LLC]

[DUKE ENERGY KENTUCKY, INC.]

[DUKE ENERGY PROGRESS, ~~INC.~~ LLC]

[DUKE ENERGY FLORIDA, LLC]

[DUKE ENERGY FLORIDA, PIEDMONT  
NATURAL GAS COMPANY, INC.]

By: \_\_\_\_\_

Title: \_\_\_\_\_

SCHEDULE I  
Application and Agreement for  
Irrevocable Standby Letter of Credit  
To: ("Lender")

Please TYPE information in the fields below. We reserve the right to return illegible applications for clarification.

Date: The undersigned Applicant hereby requests Lender to issue and transmit by:  
 Overnight Carrier  Teletransmission  Mail  Other:  
L/C No. Explain:

(Lender Use Only) an Irrevocable Standby Letter of Credit (the "Credit") substantially as set forth below. In issuing the Credit, Lender is expressly authorized to make such changes from the terms herein below set forth as it, in its sole discretion, may deem advisable.

Applicant (Full name & address) Advising Lender (Designate name & address only, if desired)

Beneficiary (Full name & address) Currency and amount in figures:

Currency and amount in words:

Expiration Date:

Charges: the Lender's charges are for our account; all other banking charges are to be paid by beneficiary.

Credit to be available for payment against Beneficiary's draft(s) at sight drawn on Lender or its correspondent at Lender's option accompanied by the following documents:

Statement, purportedly signed by the Beneficiary, reading as follows (please state below exact wording to appear on the statement):

Other Documents

Special Conditions (including, if Applicant has a preference, selection of UCP as herein defined or ISP98 as herein defined).

Issue substantially in form of attached specimen. (Specimen must also be signed by applicant.)

Complete only when the Beneficiary (Foreign Lender, or other Financial Institution) is to issue its undertaking based on this Credit.

Request Beneficiary to issue and deliver their (specify type of undertaking) in favor of \_\_\_\_\_ for an amount not exceeding the amount specified above, effective immediately relative to (specify contract number or other pertinent reference) to expire on \_\_\_\_\_. (This date must be at least 15 days prior to expiry date indicated above.) It is understood that if the Credit is issued in favor of any bank or other financial or commercial entity which has issued or is to issue an undertaking on behalf of the Applicant of the Credit in connection with the Credit, the Applicant hereby agrees to remain liable under this Application and Agreement in respect of the Credit (even after its stated expiry date) until Lender is released by such bank or entity.

Each Applicant signing below affirms that it has fully read and agrees to this Application. (Note: If a bank, trust company, or other financial institution signs as Applicant or joint and several co-Applicant for its customer, or if two Applicants jointly and severally apply, both parties sign below.) Documents may be forwarded to the Lender by the beneficiary, or the negotiating bank, in one mail. Lender may forward documents to Applicant's customhouse broker, or Applicant if specified above, in one mail. Applicant understands and agrees that this Credit will be subject to the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce currently in effect, and in use by Lender ("UCP") or to the International Standby Practices of the International Chamber of Commerce, Publication 590 or any subsequent version currently in effect and in use by Lender ("ISP98").

(Print or type name of Applicant)	(Print or type name of Applicant)
(Address)	(Address)
Authorized Signature (Title)	Authorized Signature (Title)
Authorized Signature (Title)	Authorized Signature (Title)
Customer Contact: _____	Phone: _____

**BANK USE ONLY**

**NOTE:**

Application will **NOT** be processed if this section is not complete.

Approved (Authorized Signature)	Date:
Approved (Print name and title)	City:
Customer SIC Code:	Borrower Default Grade:
Charge DDA#:	Telephone:
Fee:	RC #:
Other (please explain):	CLAS Bank #:
	CLAS Obligor #:

~~EXHIBIT G~~

APPROVED FORM OF LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT NO.

BENEFICIARY:

LADIES AND GENTLEMEN:

WE HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER \_\_\_\_\_, IN FAVOR OF [INSERT BENEFICIARY NAME], BY ORDER AND FOR THE ACCOUNT OF [DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, ~~INC~~-LLC] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, ~~INC~~-LLC] [DUKE ENERGY FLORIDA, LLC] [PIEDMONT NATURAL GAS COMPANY, INC.], [ON BEHALF OF [INSERT NAME OF [DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, ~~INC~~-LLC] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, ~~INC~~-LLC] [DUKE ENERGY FLORIDA, LLC] [PIEDMONT NATURAL GAS COMPANY, INC.]'S AFFILIATE OR SUBSIDIARY],] AT SIGHT FOR UP TO \_\_\_\_\_ U.S. DOLLARS ( \_\_\_\_\_ UNITED STATES DOLLARS) AGAINST THE FOLLOWING DOCUMENTS:

1) A BENEFICIARY'S SIGNED CERTIFICATE STATING "[~~[DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, INC.] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, LLC] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, LLC] [DUKE ENERGY FLORIDA, LLC] [PIEDMONT NATURAL GAS COMPANY, INC.]~~]/[INSERT NAME OF [~~DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, INC.] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, INC.] [DUKE ENERGY FLORIDA, INC.] [DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, LLC] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, LLC] [DUKE ENERGY FLORIDA, LLC] [PIEDMONT NATURAL GAS COMPANY, INC.]'S AFFILIATE OR SUBSIDIARY]] IS IN DEFAULT UNDER ONE OR MORE AGREEMENTS BETWEEN [~~DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, INC.] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, INC.] [DUKE ENERGY FLORIDA, INC.] [DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, LLC] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, LLC] [DUKE ENERGY FLORIDA, LLC]~~]~~

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[PIEDMONT NATURAL GAS COMPANY, INC.]/[INSERT NAME OF [DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, INC.] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, INC.] [DUKE ENERGY FLORIDA, INC.] [DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, LLC] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, LLC] [DUKE ENERGY FLORIDA, LLC] [PIEDMONT NATURAL GAS COMPANY, INC.]'S AFFILIATE OR SUBSIDIARY]] AND [INSERT BENEFICIARY'S NAME]."

OR

2) A BENEFICIARY'S SIGNED CERTIFICATE STATING "[INSERT BENEFICIARY'S NAME] HAS REQUESTED ALTERNATE SECURITY FROM [DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, INC.] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, INC.] [DUKE ENERGY FLORIDA, LLC] [PIEDMONT NATURAL GAS COMPANY, INC.]/[INSERT NAME OF [DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, INC.] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, LLC] [DUKE ENERGY FLORIDA, LLC] [PIEDMONT NATURAL GAS COMPANY, INC.]'S AFFILIATE OR SUBSIDIARY]] AND [DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, INC.] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, LLC] [DUKE ENERGY FLORIDA, LLC] [PIEDMONT NATURAL GAS COMPANY, INC.]/[INSERT NAME OF [DUKE ENERGY CORPORATION] [DUKE ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, INC.] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, INC.] [DUKE ENERGY FLORIDA, LLC] [PIEDMONT NATURAL GAS COMPANY, INC.]'S AFFILIATE OR SUBSIDIARY]] HAS NOT PROVIDED ALTERNATE SECURITY ACCEPTABLE TO [INSERT BENEFICIARY'S NAME] AND THIS LETTER OF CREDIT HAS LESS THAN TWENTY DAYS UNTIL EXPIRY."

AND

3) A DRAFT STATING THE AMOUNT TO BE DRAWN.

SPECIAL CONDITIONS:

1. PARTIAL DRAWINGS ARE PERMITTED.

2. DOCUMENTS MUST BE PRESENTED AT OUR COUNTER NO LATER THAN \_\_\_\_\_, WHICH IS THE EXPIRY DATE OF THIS STANDBY LETTER OF CREDIT.

---

WE HEREBY ENGAGE WITH YOU THAT ALL DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS CREDIT WILL BE DULY HONORED IF DRAWN AND PRESENTED FOR PAYMENT AT OUR OFFICE LOCATED AT \_\_\_\_\_ ON OR BEFORE THE EXPIRY DATE OF THIS CREDIT.

EXCEPT AS OTHERWISE EXPRESSLY STATED HEREIN, THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 500.

COMMUNICATIONS WITH RESPECT TO THIS STANDBY LETTER OF CREDIT SHALL BE IN WRITING AND SHALL BE ADDRESSED TO US AT \_\_\_\_\_, SPECIFICALLY REFERRING TO THE NUMBER OF THIS STANDBY LETTER OF CREDIT.

VERY TRULY YOURS  
[ISSUING BANK]

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EXHIBIT H

JOINDER AGREEMENT

THIS JOINDER AGREEMENT (this "Agreement"), dated as of , 2011, is entered into between [CAROLINA POWER & LIGHT COMPANY D/B/A PROGRESS ENERGY CAROLINAS, INC., a North Carolina corporation][FLORIDA POWER CORPORATION D/B/A PROGRESS ENERGY FLORIDA, INC., a Florida corporation] (the "New Borrower") and WELLS FARGO BANK, NATIONAL ASSOCIATION, in its capacity as administrative agent (the "Administrative Agent") under that certain Credit Agreement, dated as of November 18, 2011 among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as borrowers, the lenders party thereto, the Administrative Agent (as the same may be amended, modified, extended or restated from time to time, the "Credit Agreement") and the other agents party thereto. All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Credit Agreement.

The New Borrower and the Administrative Agent, for the benefit of the Lenders, hereby agree as follows:

1. The New Borrower hereby acknowledges, agrees and confirms that, by its execution of this Agreement, the New Borrower will be deemed to be a Borrower under the Credit Agreement for all purposes of the Credit Agreement and shall have all of the obligations of a Borrower thereunder, as if it had executed the Credit Agreement. The New Borrower hereby ratifies, as of the date hereof, and agrees to be bound by, all of the terms, provisions and conditions contained in the Credit Agreement.

2. The New Borrower represents and warrants that the representations and warranties in Article 4 of the Credit Agreement are true and correct as to it as a Borrower on and as of the date hereof.

3. The address of the New Borrower for purposes of Section 9.01 of the Credit Agreement is as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

IN WITNESS WHEREOF, the New Borrower has caused this Agreement to be duly executed by its authorized officer, and the Administrative Agent, for the benefit of the Lenders, has caused the same to be accepted by its authorized officer, as of the day and year first above written.

[CAROLINA POWER & LIGHT  
COMPANY D/B/A PROGRESS  
ENERGY CAROLINAS, INC., a North  
Carolina corporation][FLORIDA  
POWER CORPORATION D/B/A  
PROGRESS ENERGY  
FLORIDA, INC., a Florida  
corporation]

By: \_\_\_\_\_  
Name:  
Title:

Acknowledged and accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: \_\_\_\_\_  
Name:  
Title:



**EXHIBIT I**

**PROGRESS ENERGY, INC. CONSENT**

Reference is made to that certain Credit Agreement, dated as of November 18, 2011 among Duke Energy Corporation, as a borrower, the other borrowers party thereto, the lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, and the other agents party thereto (as the same may be amended, modified, extended or restated from time to time, the "Credit Agreement"). All capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Credit Agreement. In connection with the Merger, Progress Energy, Inc., a North Carolina corporation, hereby acknowledges, agrees and confirms that (a) the "Commitments" (as defined in each of the Existing Progress Credit Agreements) under the Existing Progress Parent Credit Agreement shall be terminated in their entirety on the Second Effective Date in accordance with the terms thereof, and (b) the Existing Progress Parent LC Facility shall be terminated in its entirety on the Second Effective Date in accordance with the terms thereof.

This consent shall be governed by and construed in accordance with the internal laws of the State of New York.

IN WITNESS WHEREOF, Progress Energy, Inc. has caused this consent to be duly executed by its authorized officer as of

PROGRESS ENERGY, INC., a North Carolina corporation

By: \_\_\_\_\_  
Name:  
Title:

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): May 9, 2017

Commission file  
number

Registrant, State of Incorporation or Organization,  
Address of Principal Executive Offices, and Telephone Number

IRS Employer  
Identification No.

1-32853

**DUKE ENERGY CORPORATION**

(a Delaware corporation)  
550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

20-2777218



Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02 Results of Operations and Financial Conditions.**

On May 9, 2017, Duke Energy Corporation issued a news release announcing its financial results for the first quarter ended March 31, 2017. A copy of this news release is attached hereto as Exhibit 99.1. The information in Exhibit 99.1 is being furnished pursuant to this Item 2.02.

**Item 9.01 Financial Statements and Exhibits.**

*(d) Exhibits*

99.1 News Release issued by Duke Energy Corporation on May 9, 2017

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**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

DUKE ENERGY CORPORATION

/s/ WILLIAM E. CURRENS JR.

William E. Currens Jr.

Senior Vice President, Chief Accounting Officer and Controller

Dated: May 9, 2017

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**EXHIBIT INDEX**

<u>Exhibit</u>	<u>Description</u>
99.1	News Release issued by Duke Energy Corporation on May 9, 2017

## News Release



Media Contact: Catherine Butler  
24-Hour: 800.559.3853

Analysts: Mike Callahan  
Office: 704.382.0459

May 9, 2017

### **Duke Energy reports first quarter 2017 financial results**

- **First quarter 2017 GAAP reported diluted earnings per share (EPS) was \$1.02 compared to \$1.01 in 2016; adjusted diluted EPS was \$1.04 for the first quarter of 2017 compared to \$1.13 for the first quarter of 2016**
- **Fundamentals of the business are strong despite warm winter weather in the first quarter**
- **Company remains on track to achieve its 2017 adjusted diluted earnings guidance range of \$4.50 to \$4.70 per share**

CHARLOTTE, N.C. - Duke Energy today announced first quarter 2017 reported diluted EPS, prepared in accordance with Generally Accepted Accounting Principles (GAAP) of \$1.02, compared to \$1.01 for the first quarter of 2016. Duke Energy's first quarter 2017 adjusted diluted EPS was \$1.04, compared to \$1.13 for the first quarter 2016.

Adjusted diluted EPS excludes the impact of certain items included in GAAP reported diluted EPS. Amounts excluded from adjusted diluted EPS are primarily costs to achieve the Piedmont Natural Gas merger.

Adjusted diluted EPS for the first quarter of 2017 was lower than the prior year, primarily due to the absence of International Energy, which was sold in December 2016, and warm winter weather. Partially offsetting these drivers were the contributions of Piedmont Natural Gas and favorable operations and maintenance (O&M) expense at Electric Utilities and Infrastructure.

Based upon the results through the first quarter, the company remains on track to achieve its 2017 adjusted diluted earnings guidance range of \$4.50 to \$4.70 per share.

"We have a compelling strategy to deliver value to our stakeholders, and we are making good progress against our plan," said Lynn Good, Duke Energy chairman, president and CEO, "We recently announced Power/Forward Carolinas, our 10-year grid modernization plan in North Carolina. This program and others like it will not only strengthen the energy grid, but will also stimulate economic development and job growth in our communities and provide additional benefits for our customers."

"Our ongoing investments drove solid growth in our electric and gas utilities in the quarter, and we are responding to warm winter weather through disciplined cost management and operational efficiency. We remain on-track for 2017 and have affirmed our full-year guidance range."

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## Business segment results

In addition to the following summary of first quarter 2017 business segment performance, a comprehensive table with detailed earnings per share drivers for the first quarter 2017, compared to prior year, is provided on page 17.

The discussion below of the first quarter results includes both GAAP segment income and adjusted segment income, which is a non-GAAP financial measure. The tables on pages 8 and 9 present a reconciliation of GAAP reported results to adjusted results.

Due to the Piedmont acquisition and the sale of International Energy in the fourth quarter of 2016, Duke Energy's segment structure has been realigned to include the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. Other now includes the results of National Methanol Company (NMC), previously included in the International Energy segment. Prior periods have been recast to conform to the current segment structure.

### Electric Utilities and Infrastructure

On a reported and adjusted basis, Electric Utilities and Infrastructure recognized first quarter 2017 segment income of \$635 million, compared to \$664 million in the first quarter of 2016, a decrease of \$0.03 per share, excluding share dilution of \$0.02 cents per share.

Lower quarterly results at Electric Utilities and Infrastructure were primarily driven by warm winter weather compared to the prior year (-\$0.14 per share), across all jurisdictions.

This unfavorable driver was partially offset by:

- Lower O&M expenses (+\$0.08 per share), due to reduced storm restoration costs compared to prior year and ongoing cost savings initiatives
- Higher retail revenues from increased pricing, riders and volumes (+\$0.04 per share) driven by new rates in Duke Energy Progress South Carolina, base rate adjustments in Florida, and energy efficiency rider revenues at Duke Energy Carolinas

### Gas Utilities and Infrastructure

Gas Utilities and Infrastructure recognized first quarter 2017 reported and adjusted segment income of \$133 million, compared to \$32 million in the first quarter of 2016, an increase of \$0.14 per share.

Higher quarterly results at Gas Utilities and Infrastructure were primarily driven by:

- Contribution from Piedmont Natural Gas (+\$0.14 per share), which was acquired in October 2016, before debt financing costs that are included in Other, and share dilution
  - Higher earnings from mid-stream pipeline investments (+\$0.01 per share)
-

### **Commercial Renewables**

On a reported and adjusted basis, Commercial Renewables recognized first quarter 2017 segment income of \$25 million, compared to \$26 million in the first quarter of 2016. Higher earnings from new wind projects brought on-line in late 2016 (+\$0.01 per share) were offset by lower solar ITCs in the current year (-\$0.01 per share).

### **Other**

Other primarily includes corporate interest expense not allocated to the business units, results from Duke Energy's captive insurance company, and other investments including NMC, an equity method investment.

On a reported basis, Other recognized first quarter 2017 net expense of \$77 million, compared to net expense of \$148 million in the first quarter of 2016. In addition to the drivers outlined below, quarterly results were impacted by lower costs to achieve mergers and charges related to cost savings initiatives in the prior year. These charges were treated as special items and therefore excluded from adjusted earnings.

On an adjusted basis, Other recognized first quarter 2017 adjusted net expense of \$67 million, compared to adjusted net expense of \$62 million in the first quarter of 2016, a decrease of \$0.01 per share. Lower quarterly results at Other were driven by higher interest expense at the holding company, primarily resulting from the Piedmont Natural Gas acquisition financing (-\$0.02 per share), partially offset by higher earnings from NMC (+\$0.01 per share).

Duke Energy's consolidated reported effective tax rate for first quarter 2017 was 32.4 percent, compared to 30.4 percent in the first quarter of 2016. The consolidated adjusted effective tax rate for first quarter 2017 was 32.5 percent, compared to 25.6 percent in 2016. Adjusted effective tax rate is a non-GAAP financial measure. The tables on pages 10 and 11 present a reconciliation of the GAAP reported effective tax rate to the adjusted effective tax rate.

### **Discontinued Operations**

Duke Energy's first quarter 2016 Income from Discontinued Operations includes the operating results of the International Disposal Group of \$117 million, which were included in adjusted earnings.

### **Earnings conference call for analysts**

An earnings conference call for analysts is scheduled from 10 to 11 a.m. ET today to discuss the first quarter 2017 financial results and other business and financial updates.

The conference call will be hosted by Lynn Good, chairman, president and chief executive officer, and Steve Young, executive vice president and chief financial officer.

The call can be accessed via the investors' section (<http://www.duke-energy.com/investors/>) of Duke Energy's website or by dialing 877-675-4757 in the United States or 719-325-4760 outside the United States. The confirmation code is 9134940. Please call in 10 to 15 minutes prior to the scheduled start time.

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A replay of the conference call will be available until 1 p.m. ET, May 19, 2017, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 9134940. An audio replay and transcript will also be available by accessing the investors' section of the company's website.

### Special Items and Non-GAAP Reconciliation

The following table presents a reconciliation of GAAP reported to adjusted diluted EPS for first quarter 2017 and 2016 financial results:

(In millions, except per-share amounts)	After-Tax Amount	1Q 2017 EPS	1Q 2016 EPS
Diluted EPS, as reported		\$ 1.02	\$ 1.01
Adjustments to reported EPS:			
<b>First Quarter 2017</b>			
Costs to achieve Piedmont merger	\$ 10	0.02	
<b>First Quarter 2016</b>			
Costs to achieve mergers	74		0.11
Cost savings initiatives	12		0.02
Discontinued operations <sup>(a)</sup>	(3)		(0.01)
Total adjustments		\$ 0.02	\$ 0.12
Diluted EPS, adjusted		\$ 1.04	\$ 1.13

(a) Represents GAAP reported Income from Discontinued Operations less the International Disposal Group operating results, which are included in adjusted earnings.

### Non-GAAP financial measures

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted EPS.

Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per share impact of special items. As discussed below, special items represent certain charges and credits which management believes are not indicative of Duke Energy's ongoing performance. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them with 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 financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. 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 (GAAP Reported Earnings) and Diluted EPS Attributable to Duke Energy Corporation common stockholders (GAAP Reported EPS), respectively.

Special items included in the periods presented include the following items which management believes do not reflect ongoing costs:

- Costs to achieve mergers represent charges resulting from potential or completed strategic acquisitions.
- Cost savings initiatives represents severance charges related to company-wide initiatives, excluding merger integration, to standardize processes and systems, leverage technology and workforce optimization.

Adjusted earnings also include operating results of the International Disposal Group, which have been classified as discontinued operations. Management believes inclusion of the operating results of the Disposal Group within adjusted earnings and adjusted diluted EPS results in a better reflection of Duke Energy's financial performance during the period.

Due to the forward-looking nature of any forecasted adjusted earnings guidance, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods (such as legal settlements, the impact of regulatory orders, or asset impairments).

Management evaluates segment performance based on segment income and other net expense. Segment income is defined as income from continuing operations attributable to Duke Energy. Segment income includes intercompany revenues and expenses that are eliminated in the Consolidated Financial Statements. Management also uses adjusted segment income as a measure of historical and anticipated future segment performance. Adjusted segment income is a non-GAAP financial measure, as it is based upon segment income adjusted for special items, which are discussed above. Management believes the presentation of adjusted segment income provides useful information to investors, as it provides them with an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment income or adjusted other net expense is segment income and other net expense.

Due to the forward-looking nature of any forecasted adjusted segment income or adjusted other net expense and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to forecast all special items, as discussed above.

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

Headquartered in Charlotte, N.C., Duke Energy is one of the largest energy holding companies in the United States. Its Electric Utilities and Infrastructure business unit serves approximately 7.5 million customers located in six states in the Southeast and Midwest. The company's Gas Utilities and Infrastructure business unit distributes natural gas to approximately 1.6 million

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customers in the Carolinas, Ohio, Kentucky and Tennessee. Its Commercial Renewables business unit operates a growing renewable energy portfolio across the United States.

Duke Energy is a Fortune 125 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available at [duke-energy.com](http://duke-energy.com).

The [Duke Energy News Center](#) serves as a multimedia resource for journalists and features news releases, helpful links, photos and videos. Hosted by Duke Energy, [illumination](#) is an online destination for stories about people, innovations, and community and environmental topics. It also offers glimpses into the past and insights into the future of energy.

Follow Duke Energy on [Twitter](#), [LinkedIn](#), [Instagram](#) and [Facebook](#).

#### **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 and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors 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 prices; the extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate; the ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through the regulatory process; the costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process; 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 variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, including self-generation and distributed generation technologies; federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy's service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs; advancements in technology; additional competition in electric and gas markets and continued industry consolidation; the influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change; the ability to successfully operate electric generating

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facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources; the ability to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business; operational interruptions to our gas distribution and transmission activities; the availability of adequate interstate pipeline transportation capacity and natural gas supply; the impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, and other catastrophic events such as fires, explosions, pandemic health events or other similar occurrences; the inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third party service providers; the timing and extent of changes in commodity prices and interest 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, interest rate fluctuations and general economic conditions; the credit ratings may be different from what the company and its subsidiaries expect; 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, 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; substantial revision to the U.S. tax code, such as changes to the corporate tax rate or a material change in the deductibility of interest; the impact of potential goodwill impairments; the ability to successfully complete future merger, acquisition or divestiture plans; and the ability to successfully integrate the natural gas businesses following the acquisition of Piedmont Natural Gas Company, Inc. and realize anticipated benefits.

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 [www.sec.gov](http://www.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 described. Forward-looking statements speak only as of the date they are made; Duke Energy expressly disclaims an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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DUKE ENERGY CORPORATION  
REPORTED TO ADJUSTED EARNINGS RECONCILIATION  
Three Months Ended March 31, 2017  
(Dollars in millions, except per-share amounts)

	<u>Reported Earnings</u>	<u>Special Item</u> <u>Costs to Achieve</u> <u>Piedmont Merger</u>	<u>Adjusted</u> <u>Earnings</u>
<b>SEGMENT INCOME</b>			
Electric Utilities and Infrastructure	\$ 635	\$ —	\$ 635
Gas Utilities and Infrastructure	133	—	133
Commercial Renewables	25	—	25
Total Reportable Segment Income	793	—	793
Other	(77)	10 A	(67)
Net Income Attributable to Duke Energy Corporation	\$ 716	\$ 10	\$ 726
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.02</b>	<b>\$ 0.02</b>	<b>\$ 1.04</b>

A - Net of \$6 million tax benefit. \$15 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

Weighted Average Shares, Diluted (reported and adjusted) - 700 million

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Three Months Ended March 31, 2016**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	International Energy Operations			
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 664	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 664
Gas Utilities and Infrastructure	32	—	—	—	—	—	32
Commercial Renewables	28	—	—	—	—	—	26
<b>Total Reportable Segment Income</b>	<b>722</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>722</b>
International Energy	—	—	—	117 C	—	117	117
Other	(148)	74 A	12 B	—	—	86	(62)
Discontinued Operations	120	—	—	(117) C	(3) D	(120)	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 694</b>	<b>\$ 74</b>	<b>\$ 12</b>	<b>\$ —</b>	<b>\$ (3)</b>	<b>\$ 83</b>	<b>\$ 777</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.01</b>	<b>\$ 0.11</b>	<b>\$ 0.02</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ 0.12</b>	<b>\$ 1.13</b>

- A - Net of \$46 million tax benefit. Includes \$1 million recorded within Operating Revenues, \$19 million recorded within Operating Expenses and \$100 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.
- B - Net of \$8 million tax benefit. Consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.
- C - Includes \$39 million tax benefit. Operating results of the International Disposal Group classified as discontinued operations.
- D - Recorded in Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 689 million

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three Months Ended March 31, 2017**  
(Dollars in Millions)

	Three Months Ended March 31, 2017	
	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 1,061	
Costs to Achieve Piedmont Merger	16	
Noncontrolling Interests	(1)	
<b>Adjusted Pretax Income</b>	<b>\$ 1,076</b>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 344	32.4%
Costs to Achieve Piedmont Merger	6	
<b>Adjusted Tax Expense</b>	<b>\$ 350</b>	<b>32.5% *</b>

\*Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using pretax earnings and income tax expense, both adjusted for the impact of special items. The most directly comparable GAAP measure for adjusted effective tax rate is reported effective tax rate, which includes the impact of special items.

DUKE ENERGY CORPORATION  
ADJUSTED EFFECTIVE TAX RECONCILIATION  
Three Months Ended March 31, 2016  
(Dollars in Millions)

	Three Months Ended March 31, 2016	
	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 829	
Costs to Achieve Mergers	120	
Cost Savings Initiatives	20	
International Energy Operations	78	
Noncontrolling Interests	(3)	
<b>Adjusted Pretax Income</b>	<b>\$ 1,044</b>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 252	30.4%
Costs to Achieve Mergers	46	
Cost Savings Initiatives	8	
International Energy Operations	(39)	
<b>Adjusted Tax Expense</b>	<b>\$ 267</b>	<b>25.6% *</b>

\*Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using pretax earnings and income tax expense, both adjusted for the impact of special items. The most directly comparable GAAP measure for adjusted effective tax rate is reported effective tax rate, which includes the impact of special items.



**March 2017**  
**QUARTERLY HIGHLIGHTS**  
**(Unaudited)**

<i>(In millions, except per-share amounts and where noted)</i>	Three Months Ended	
	March 31,	
	2017	2016
<b>Earnings Per Share - Basic and Diluted</b>		
Income from continuing operations attributable to Duke Energy Corporation common stockholders		
Basic	\$ 1.02	\$ 0.83
Diluted	\$ 1.02	\$ 0.83
Income from discontinued operations attributable to Duke Energy Corporation common stockholders		
Basic	\$ —	\$ 0.18
Diluted	\$ —	\$ 0.18
Net income attributable to Duke Energy Corporation common stockholders		
Basic	\$ 1.02	\$ 1.01
Diluted	\$ 1.02	\$ 1.01
Weighted average shares outstanding		
Basic	700	689
Diluted	700	689
<b>INCOME (LOSS) BY BUSINESS SEGMENT</b>		
Electric Utilities and Infrastructure	\$ 635	\$ 664
Gas Utilities and Infrastructure <sup>(a)</sup>	133	32
Commercial Renewables	25	26
Total Reportable Segment Income	793	722
Other <sup>(b)(c)</sup>	(77)	(148)
Income from Discontinued Operations, net of tax	—	120
Net Income Attributable to Duke Energy Corporation	\$ 716	\$ 694
<b>CAPITALIZATION</b>		
Total Common Equity (%)	44%	48%
Total Debt (%)	56%	52%
Total Debt	\$ 52,556	\$ 43,072
Book Value Per Share	\$ 58.84	\$ 57.98
Actual Shares Outstanding	700	689
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>		
Electric Utilities and Infrastructure	\$ 1,874	\$ 1,439
Gas Utilities and Infrastructure	341	55
Commercial Renewables	59	167
Other <sup>(d)</sup>	61	43
Total Capital and Investment Expenditures	\$ 2,335	\$ 1,704

Note: Prior period amounts have been recast to conform to the current segment structure.

(a) Includes \$99 million of Piedmont's earnings for the three months ended March 31, 2017.

(b) Includes costs to achieve mergers of \$10 million (net of tax of \$6 million) for the three months ended March 31, 2017, and \$74 million (net of tax of \$46 million) for the three months ended March 31, 2016.

(c) Includes a charge of \$12 million (net of tax of \$8 million) for the three months ended March 31, 2016, primarily consisting of severance expense related to cost savings initiatives.

(d) Includes capital expenditures of the International Disposal Group prior to the sale for the three months ended March 31, 2016.

March 2017  
QUARTERLY HIGHLIGHTS  
(Unaudited)

(In millions)	Three Months Ended	
	March 31,	
	2017	2016
<b>ELECTRIC UTILITIES AND INFRASTRUCTURE</b>		
Operating Revenues	\$ 4,947	\$ 5,089
Operating Expenses		
Fuel used in electric generation and purchased power	1,454	1,577
Operation, maintenance and other	1,271	1,298
Depreciation and amortization	737	709
Property and other taxes	261	262
Impairment charges	—	2
Total operating expenses	3,723	3,848
Gains on Sales of Other Assets and Other, net	3	1
Operating Income	1,227	1,242
Other Income and Expenses	79	63
Interest Expense	315	270
Income Before Income Taxes	991	1,035
Income Tax Expense	358	371
Segment Income	\$ 635	\$ 664
<b>GAS UTILITIES AND INFRASTRUCTURE</b>		
Operating Revenues	\$ 670	\$ 170
Operating Expenses		
Cost of natural gas	258	49
Operation, maintenance and other	105	32
Depreciation and amortization	57	20
Property and other taxes	30	18
Total operating expenses	450	119
Operating Income	220	51
Other Income and Expenses	18	3
Interest Expense	26	7
Income Before Income Taxes	212	47
Income Tax Expense	79	15
Segment Income	\$ 133	\$ 32
<b>COMMERCIAL RENEWABLES</b>		
Operating Revenues	\$ 128	\$ 114
Operating Expenses		
Operation, maintenance and other	77	73
Depreciation and amortization	39	30
Property and other taxes	9	6
Total operating expenses	125	109
Gains on Sales of Other Assets and Other, net	2	1
Operating Income	5	6
Other Income and Expenses	(1)	(2)
Interest Expense	19	11
Loss Before Income Taxes	(15)	(7)
Income Tax Benefit	(39)	(33)
Less: Loss Attributable to Noncontrolling Interests	(1)	—
Segment Income	\$ 25	\$ 26
<b>OTHER</b>		
Operating Revenues	\$ 33	\$ 29
Operating Expenses		
Fuel used in electric generation and purchased power	15	11
Operation, maintenance and other	8	36
Depreciation and amortization	26	34
Property and other taxes	3	9

Impairment charges	—	2
Total operating expenses	52	92
Gains on Sales of Other Assets and Other, net	5	5
Operating Loss	(14)	(58)
Other Income and Expenses	21	17
Interest Expense	134	205
Loss Before Income Taxes	(127)	(246)
Income Tax Benefit	(52)	(101)
Less: Income Attributable to Noncontrolling Interests	2	3
Other Net Expense	\$ (77)	\$ (148)

Note: Prior period amounts have been recast to conform to the current segment structure.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(In millions, except per-share amounts)

	Three Months Ended March 31,	
	2017	2016
<b>Operating Revenues</b>		
Regulated electric	\$ 4,913	\$ 5,053
Regulated natural gas	646	169
Nonregulated electric and other	170	155
Total operating revenues	5,729	5,377
<b>Operating Expenses</b>		
Fuel used in electric generation and purchased power	1,449	1,588
Cost of natural gas	258	49
Operation, maintenance and other	1,433	1,416
Depreciation and amortization	859	793
Property and other taxes	304	295
Impairment charges	—	3
Total operating expenses	4,303	4,144
Gains on Sales of Other Assets and Other, net	11	7
<b>Operating Income</b>	<b>1,437</b>	<b>1,240</b>
<b>Other Income and Expenses</b>		
Equity in earnings of unconsolidated affiliates	29	8
Other income and expenses, net	86	70
Total other income and expenses	115	78
<b>Interest Expense</b>	<b>491</b>	<b>489</b>
<b>Income From Continuing Operations Before Income Taxes</b>	<b>1,061</b>	<b>829</b>
<b>Income Tax Expense from Continuing Operations</b>	<b>344</b>	<b>252</b>
<b>Income From Continuing Operations</b>	<b>717</b>	<b>577</b>
<b>Income From Discontinued Operations, net of tax</b>	<b>—</b>	<b>122</b>
<b>Net Income</b>	<b>717</b>	<b>699</b>
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	<b>1</b>	<b>5</b>
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 716</b>	<b>\$ 694</b>
<b>Earnings Per Share - Basic and Diluted</b>		
Income from continuing operations attributable to Duke Energy Corporation common stockholders		
Basic	\$ 1.02	\$ 0.83
Diluted	\$ 1.02	\$ 0.83
Income from discontinued operations attributable to Duke Energy Corporation common stockholders		
Basic	\$ —	\$ 0.18
Diluted	\$ —	\$ 0.18
Net income attributable to Duke Energy Corporation common stockholders		
Basic	\$ 1.02	\$ 1.01
Diluted	\$ 1.02	\$ 1.01
Weighted average shares outstanding		
Basic	700	689
Diluted	700	689

DUKE ENERGY CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(unaudited)

(in millions)	March 31, 2017	December 31, 2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 878	\$ 392
Receivables (net of allowance for doubtful accounts of \$13 at 2017 and \$14 at 2016)	623	751
Receivables of VIEs (net of allowance for doubtful accounts of \$57 at 2017 and \$54 at 2016)	1,682	1,893
Inventory	3,366	3,522
Regulatory assets (includes \$53 at 2017 and \$50 at 2016 related to VIEs)	1,031	1,023
Other	425	458
<b>Total current assets</b>	<b>8,005</b>	<b>6,039</b>
<b>Property, Plant and Equipment</b>		
Cost	123,301	121,397
Accumulated depreciation and amortization	(40,293)	(39,406)
Generation facilities to be retired, net	508	529
<b>Net property, plant and equipment</b>	<b>83,516</b>	<b>82,520</b>
<b>Other Noncurrent Assets</b>		
Goodwill	19,425	19,425
Regulatory assets (includes \$1,131 at 2017 and \$1,142 at 2016 related to VIEs)	12,838	12,878
Nuclear decommissioning trust funds	6,448	6,205
Investments in equity method unconsolidated affiliates	1,122	925
Other	2,754	2,769
<b>Total other noncurrent assets</b>	<b>42,587</b>	<b>42,202</b>
<b>Total Assets</b>	<b>\$ 134,108</b>	<b>\$ 132,761</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,203	\$ 2,994
Notes payable and commercial paper	3,558	2,487
Taxes accrued	363	384
Interest accrued	526	503
Current maturities of long-term debt (includes \$281 at 2017 and \$260 at 2016 related to VIEs)	1,977	2,319
Asset retirement obligations	404	411
Regulatory liabilities	340	409
Other	1,570	2,044
<b>Total current liabilities</b>	<b>10,941</b>	<b>11,551</b>
<b>Long-Term Debt (includes \$4,108 at 2017 and \$3,587 at 2016 related to VIEs)</b>	<b>47,021</b>	<b>45,576</b>
<b>Other Noncurrent Liabilities</b>		
Deferred income taxes	14,443	14,155
Asset retirement obligations	10,186	10,200
Regulatory liabilities	6,972	6,881
Accrued pension and other post-retirement benefit costs	1,115	1,111
Investment tax credits	537	493
Other	1,707	1,753
<b>Total other noncurrent liabilities</b>	<b>34,960</b>	<b>34,593</b>
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 700 million shares outstanding at 2017 and 2016	1	1
Additional paid-in capital	38,742	38,741
Retained earnings	2,521	2,384
Accumulated other comprehensive loss	(85)	(93)
<b>Total Duke Energy Corporation stockholders' equity</b>	<b>41,179</b>	<b>41,033</b>
Noncontrolling interests	7	8
<b>Total equity</b>	<b>41,186</b>	<b>41,041</b>
<b>Total Liabilities and Equity</b>	<b>\$ 134,108</b>	<b>\$ 132,761</b>

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 717	\$ 699
Adjustments to reconcile net income to net cash provided by operating activities	572	983
Net cash provided by operating activities	<u>1,289</u>	<u>1,682</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	<u>(2,399)</u>	<u>(1,758)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by (used in) financing activities	<u>1,596</u>	<u>(3)</u>
Changes in cash and cash equivalents included in assets held for sale	—	30
Net increase (decrease) in cash and cash equivalents	486	(49)
Cash and cash equivalents at the beginning of period	392	383
Cash and cash equivalents at end of period	<u>\$ 878</u>	<u>\$ 334</u>

DUKE ENERGY CORPORATION  
EARNINGS VARIANCES  
March 2017 YTD vs. Prior Year

(\$ per share)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	International Energy	Other	Discontinued Operations	Consolidated
<b>2016 YTD Reported Earnings Per Share, Diluted</b>	\$ 0.96	\$ 0.05	\$ 0.04	\$ —	\$ (0.22)	\$ 0.18	\$ 1.01
Costs to Achieve Mergers	—	—	—	—	0.11	—	0.11
Cost Savings Initiatives	—	—	—	—	0.02	—	0.02
International Energy Operations	—	—	—	0.17	—	(0.17)	—
Discontinued Operations	—	—	—	—	—	(0.01)	(0.01)
<b>2016 YTD Adjusted Earnings Per Share, Diluted</b>	\$ 0.96	\$ 0.05	\$ 0.04	\$ 0.17	\$ (0.09)	\$ —	\$ 1.13
Change in share count (a)	(0.02)	—	—	—	—	—	(0.02)
Weather	(0.14)	(0.01)	—	—	—	—	(0.15)
Volume	0.01	—	—	—	—	—	0.01
Pricing and Riders	0.03	—	—	—	—	—	0.03
Wholesale	—	—	—	—	—	—	—
Operations and maintenance, net of recoverables (b)	0.08	—	—	—	—	—	0.08
Piedmont Natural Gas contribution	—	0.14	—	—	—	—	0.14
Mid-Stream Gas Pipelines (c)	—	0.01	—	—	—	—	0.01
Duke Energy Renewables (d)	—	—	—	—	—	—	—
National Methanol Company (NMC)	—	—	—	—	0.01	—	0.01
Other (e)	0.03	—	—	—	0.01	—	0.04
Interest Expense	(0.03)	—	—	—	(0.02)	—	(0.05)
Change in effective income tax rate	(0.01)	—	—	(0.10)	(0.01)	—	(0.12)
Latin America, including foreign exchange rates	—	—	—	(0.07)	—	—	(0.07)
<b>2017 YTD Adjusted Earnings Per Share, Diluted</b>	\$ 0.91	\$ 0.19	\$ 0.04	\$ —	\$ (0.10)	\$ —	\$ 1.04
Costs to Achieve Piedmont Merger	—	—	—	—	(0.02)	—	(0.02)
<b>2017 YTD Reported Earnings Per Share, Diluted</b>	\$ 0.91	\$ 0.19	\$ 0.04	\$ —	\$ (0.12)	\$ —	\$ 1.02

Note 1: Prior period amounts have been recast to conform to the current segment structure. Results of NMC are included within Other.

Note 2: Earnings Per Share amounts are calculated using the consolidated statutory income tax rate for all drivers except Duke Energy Renewables, which uses an effective rate.

(a) Due to the Q4 2016 share issuance used to partially fund the Piedmont acquisition. Weighted average diluted shares outstanding increased from 689 million shares to 700 million shares.

(b) Primarily due to ongoing cost control and lower storm restoration costs.

(c) Primarily due to higher earnings from the equity method investment in ACP. Earnings from Piedmont's acquired investments are included in the "Piedmont Natural Gas contribution" driver.

(d) For Commercial Renewables, higher earnings from new wind projects placed in service (+\$0.01) were offset by lower solar ITCs in the current year (-\$0.01 per share).

(e) Electric Utilities and Infrastructure is primarily due to higher AFUDC equity (+\$0.03).

Electric Utilities and Infrastructure  
Quarterly Highlights  
March 2017

	Three Months Ended March 31,			
	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>				
Residential	20,065	21,662	(7.4%)	(0.7%)
General Service	17,549	17,850	(1.7%)	0.5%
Industrial	12,305	12,272	0.3%	0.8%
Other Energy Sales	144	146	(1.4%)	
Unbilled Sales	(935)	(344)	(171.8%)	n/a
Total Retail Sales	49,126	51,586	(4.8%)	0.1%
Special Sales	9,662	11,145	(11.5%)	
Total Consolidated Electric Sales - Electric Utilities and Infrastructure	58,990	62,731	(6.0%)	
<b>Average Number of Customers (Electric)</b>				
Residential	6,510,679	6,425,427	1.3%	
General Service	968,897	957,484	1.2%	
Industrial	17,748	17,936	(1.0%)	
Other Energy Sales	23,205	23,112	0.4%	
Total Regular Sales	7,520,529	7,423,959	1.3%	
Special Sales	58	62	(6.5%)	
Total Average Number of Customers - Electric Utilities and Infrastructure	7,520,587	7,424,021	1.3%	
<b>Sources of Electric Energy (GWh):</b>				
<b>Generated - Net Output (3)</b>				
Coal	16,939	17,934	(5.5%)	
Nuclear	17,741	17,999	(1.4%)	
Hydro	201	1,047	(80.8%)	
Oil and Natural Gas	14,231	16,083	(11.5%)	
Renewable Energy	75	53	41.5%	
Total Generation (4)	49,187	53,116	(7.4%)	
<b>Purchased Power and Net Interchange (5)</b>				
Total Sources of Energy	81,755	65,629	(5.9%)	
Less: Line Loss and Other	2,765	2,888	(4.6%)	
Total GWh Sources	58,990	62,731	(6.0%)	
<b>Owned MW Capacity (3)</b>				
Summer	49,950	50,157		
Winter	53,717	53,346		
<b>Nuclear Capacity Factor (%) (6)</b>				
	94	95		

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.



**Duke Energy Carolinas**  
**Quarterly Highlights**  
**Supplemental Electric Utilities and Infrastructure Information**  
**March 2017**

	Three Months Ended March 31,			% Inc.(Dec.) Weather Normal (2)
	2017	2016	% Inc.(Dec.)	
<b>GWh Sales (1)</b>				
Residential	6,871	7,580	(9.4%)	
General Service	6,527	6,664	(2.1%)	
Industrial	5,062	5,078	(0.3%)	
Other Energy Sales	76	76	—%	
Unbilled Sales	(232)	5	(4,740.0%)	
Total Retail Sales	18,304	19,403	(5.7%)	(0.1%)
Special Sales	2,477	2,222	11.5%	
Total Consolidated Electric Sales - Duke Energy Carolinas	20,781	21,625	(3.9%)	
<b>Average Number of Customers</b>				
Residential	2,189,345	2,138,535	1.4%	
General Service	351,773	347,329	1.3%	
Industrial	6,252	6,333	(1.3%)	
Other Energy Sales	15,298	15,133	1.1%	
Total Regular Sales	2,542,666	2,507,330	1.4%	
Special Sales	24	24	—%	
Total Average Number of Customers - Duke Energy Carolinas	2,542,692	2,507,354	1.4%	
<b>Sources of Electric Energy (GWh)</b>				
<b>Generated - Net Output (3)</b>				
Coal	5,586	5,579	0.1%	
Nuclear	11,036	10,993	0.4%	
Hydro	53	725	(92.7%)	
Oil and Natural Gas	2,694	2,986	(9.8%)	
Renewable Energy	9	3	200.0%	
Total Generation (4)	19,378	20,266	(4.5%)	
Purchased Power and Net Interchange (5)	2,483	2,619	(5.2%)	
Total Sources of Energy	21,861	22,905	(4.6%)	
Less: Line Loss and Other	1,060	1,280	(16.6%)	
Total GWh Sources	20,781	21,625	(3.9%)	
<b>Owned MW Capacity (3)</b>				
Summer	19,588	19,678		
Winter	20,425	20,383		
<b>Nuclear Capacity Factor (%) (6)</b>				
	98	97		
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	1,291	1,661	(22.3%)	
Cooling Degree Days	10	19	(47.4%)	
<b>Variance from Normal</b>				
Heating Degree Days	(26.2%)	(5.9%)	n/a	
Cooling Degree Days	66.7%	171.4%	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Progress  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
March 2017

	Three Months Ended March 31,			% Inc.(Dec.) Weather Normal (2)
	2017	2016	% Inc.(Dec.)	
<b>GWh Sales (1)</b>				
Residential	4,633	5,000	(7.3%)	
General Service	3,549	3,660	(3.0%)	
Industrial	2,489	2,439	2.1%	
Other Energy Sales	21	24	(12.5%)	
Unbilled Sales	(500)	(135)	(270.4%)	
Total Retail Sales	10,192	10,988	(7.2%)	(0.7%)
Special Sales	5,445	8,161	(11.6%)	
Total Consolidated Electric Sales - Duke Energy Progress	15,637	17,149	(8.8%)	
<b>Average Number of Customers</b>				
Residential	1,302,464	1,285,880	1.3%	
General Service	230,405	227,523	1.3%	
Industrial	4,129	4,159	(0.7%)	
Other Energy Sales	1,462	1,601	(8.7%)	
Total Regular Sales	1,538,460	1,519,163	1.3%	
Special Sales	14	15	(6.7%)	
Total Average Number of Customers - Duke Energy Progress	1,538,474	1,519,178	1.3%	
<b>Sources of Electric Energy (GWh)</b>				
<b>Generated - Net Output (3)</b>				
Coal	1,644	2,107	(22.0%)	
Nuclear	6,705	7,006	(4.3%)	
Hydro	103	253	(59.3%)	
Oil and Natural Gas	5,836	6,472	(9.8%)	
Renewable Energy	62	50	24.0%	
Total Generation (4)	14,350	15,888	(9.7%)	
Purchased Power and Net Interchange (5)	1,824	1,785	3.3%	
Total Sources of Energy	16,174	17,653	(8.4%)	
Less: Line Loss and Other	537	504	6.5%	
Total GWh Sources	15,637	17,149	(8.8%)	
<b>Owned MW Capacity (3)</b>				
Summer	12,827	12,935		
Winter	14,034	14,034		
<b>Nuclear Capacity Factor (%) (6)</b>				
	86	91		
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	1,203	1,514	(20.5%)	
Cooling Degree Days	10	36	(72.2%)	
<b>Variance from Normal</b>				
Heating Degree Days	(25.6%)	(7.1%)	n/a	
Cooling Degree Days	11.1%	260.0%	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Florida  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
March 2017

	Three Months Ended March 31,			% Inc.(Dec.) Weather Normal (2)
	2017	2016	% Inc.(Dec.)	
<b>GWh Sales (1)</b>				
Residential	3,824	4,173	(8.4%)	
General Service	3,254	3,241	0.4%	
Industrial	785	752	0.4%	
Other Energy Sales	6	6	—%	
Unbilled Sales	156	(11)	1,518.2%	
Total Retail Sales	7,995	8,161	(2.0%)	3.1%
Special Sales	310	295	5.1%	
Total Electric Sales - Duke Energy Florida	8,305	8,458	(1.8%)	
<b>Average Number of Customers</b>				
Residential	1,564,038	1,541,555	1.5%	
General Service	197,422	194,707	1.4%	
Industrial	2,156	2,202	(2.1%)	
Other Energy Sales	1,524	1,536	(0.8%)	
Total Regular Sales	1,765,140	1,740,000	1.4%	
Special Sales	12	13	(7.7%)	
Total Average Number of Customers - Duke Energy Florida	1,765,152	1,740,013	1.4%	
<b>Sources of Electric Energy (GWh)</b>				
<b>Generated - Net Output (3)</b>				
Coal	2,117	1,451	45.9%	
Oil and Natural Gas	5,348	6,123	(12.7%)	
Renewable Energy	4	—	n/a	
Total Generation (4)	7,469	7,574	(1.4%)	
Purchased Power and Net Interchange (5)	1,298	1,509	(14.1%)	
Total Sources of Energy	8,765	9,083	(3.5%)	
Less: Line Loss and Other	460	627	(26.6%)	
Total GWh Sources	8,305	8,456	(1.8%)	
<b>Owned MW Capacity (3)</b>				
Summer	9,212	8,989		
Winter	10,332	9,894		
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	178	401	(56.1%)	
Cooling Degree Days	273	199	37.2%	
<b>Variance from Normal</b>				
Heating Degree Days	(53.6%)	4.2%	n/a	
Cooling Degree Days	49.2%	7.6%	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

Duke Energy Ohio  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
March 2017

	Three Months Ended March 31,			% Inc.(Dec.) Weather Normal (2)
	2017	2016	% Inc.(Dec.)	
<b>GWh Sales (1)</b>				
Residential	2,253	2,320	(2.9%)	
General Service	2,257	2,297	(1.7%)	
Industrial	1,441	1,444	(0.2%)	
Other Energy Sales	28	27	3.7%	
Unbilled Sales	(201)	(92)	(118.5%)	
Total Retail Sales	5,778	5,996	(3.6%)	(1.1%)
Special Sales	281	111	153.2%	
Total Electric Sales - Duke Energy Ohio	6,059	6,107	(0.8%)	
<b>Average Number of Customers</b>				
Residential	759,467	753,189	0.8%	
General Service	88,141	87,441	0.8%	
Industrial	2,507	2,529	(0.9%)	
Other Energy Sales	3,262	3,245	1.1%	
Total Regular Sales	853,377	846,404	0.8%	
Special Sales	1	1	—%	
Total Average Number of Customers - Duke Energy Ohio	853,378	846,405	0.8%	
<b>Sources of Electric Energy (GWh)</b>				
<b>Generated - Net Output (3)</b>				
Coal	1,203	928	29.6%	
Oil and Natural Gas	1	1	—%	
Total Generation (4)	1,204	929	29.6%	
Purchased Power and Net Interchange (5)	5,466	5,555	(1.6%)	
Total Sources of Energy	6,670	6,484	2.9%	
Less: Line Loss and Other	611	377	62.1%	
Total GWh Sources	6,059	6,107	(0.8%)	
<b>Owned MW Capacity (3)</b>				
Summer	1,078	1,062		
Winter	1,184	1,164		
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	2,044	2,349	(13.0%)	
Cooling Degree Days	1	—	—%	
<b>Variance from Normal</b>				
Heating Degree Days	(20.7%)	(9.5%)	n/a	
Cooling Degree Days	(75.0%)	(100.0%)	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

Duke Energy Indiana  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
March 2017

	Three Months Ended March 31,			% Inc.(Dec.) Weather Normal (2)
	2017	2016	% Inc.(Dec.)	
<b>GWh Sales (1)</b>				
Residential	2,484	2,589	(4.1%)	
General Service	1,862	1,988	(1.3%)	
Industrial	2,558	2,559	—%	
Other Energy Sales	13	13	—%	
Unbilled Sales	(158)	(111)	42.3%	
Total Retail Sales	6,859	7,038	(2.5%)	(0.8%)
Special Sales	1,349	2,356	(42.7%)	
Total Electric Sales - Duke Energy Indiana	8,208	9,394	(12.6%)	
<b>Average Number of Customers</b>				
Residential	715,365	706,268	1.3%	
General Service	101,156	100,484	0.7%	
Industrial	2,704	2,713	(0.3%)	
Other Energy Sales	1,639	1,597	2.6%	
Total Regular Sales	820,864	811,082	1.2%	
Special Sales	7	9	(22.2%)	
Total Average Number of Customers - Duke Energy Indiana	820,871	811,071	1.2%	
<b>Sources of Electric Energy (GWh)</b>				
<b>Generated - Net Output (3)</b>				
Coal	6,389	7,869	(18.8%)	
Hydro	45	69	(34.8%)	
Oil and Natural Gas	352	501	(29.7%)	
Total Generation (4)	6,786	8,439	(19.6%)	
Purchased Power and Net Interchange (5)	1,499	1,065	40.8%	
Total Sources of Energy	8,285	9,504	(12.8%)	
Less: Line Loss and Other	77	110	(30.0%)	
Total GWh Sources	8,208	9,394	(12.6%)	
<b>Owned MW Capacity (3)</b>				
Summer	7,267	7,493		
Winter	7,762	7,871		
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	2,208	2,521	(12.4%)	
Cooling Degree Days	—	—	—%	
<b>Variance from Normal</b>				
Heating Degree Days	(20.1%)	(9.3%)	n/a	
Cooling Degree Days	(100.0%)	(100.0%)	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.



(5) Purchased power Includes renewable energy purchases.

Gas Utilities and Infrastructure  
Quarterly Highlights  
March 2017

	Three Months Ended March 31,		
	2017	2016	% Inc.(Dec.)
<b>Total Sales</b>			
Piedmont Natural Gas Local Distribution Company (LDC) throughput (dekathems) (1) (2)	133,276,787	155,446,586	(14.3%)
Duke Energy Midwest LDC throughput (MCF)	30,830,999	34,741,520	(11.3%)
<b>Average Number of Customers - Piedmont Natural Gas (1)</b>			
Residential	954,883	940,070	1.6%
Commercial	101,618	100,723	0.9%
Industrial	2,338	2,302	1.6%
Power Generation	25	25	—%
Total Average Number of Gas Customers - Piedmont Natural Gas	1,058,664	1,043,120	1.5%
<b>Average Number of Customers - Duke Energy Midwest</b>			
Residential	484,091	480,519	0.7%
Commercial	45,340	45,224	0.3%
Industrial	1,669	1,699	(1.8%)
Other Energy Sales	141	143	(1.4%)
Total Average Number of Gas Customers - Duke Energy Midwest	531,241	527,585	0.7%

(1) Sales and customer data for Piedmont Natural Gas include amounts prior to the acquisition on October 3, 2016, for comparative purposes. Duke Energy's consolidated financial results for 2016 do not include Piedmont's results of operations prior to the date of acquisition.

(2) Piedmont has a margin decoupling mechanism in North Carolina and weather normalization mechanisms in South Carolina and Tennessee that significantly eliminate the impact of throughput changes on earnings. Duke Energy Ohio's rate design also serves to offset this impact.

Commercial Renewables  
Quarterly Highlights  
March 2017


	Three Months Ended March 31,		
	2017	2016	% Inc.(Dec.)
Actual Renewable Plant Production, GWh	2,285	2,060	10.9%
Net Proportional MW Capacity in Operation	2,907	1,963	48.1%

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **May 4, 2017**

Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, and Telephone Number	IRS Employer Identification No.
1-32853	 <b>DUKE ENERGY</b> <b>DUKE ENERGY CORPORATION</b> (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-6200	20-2777218

**550 South Tryon Street, Charlotte, North Carolina 28202**  
(Address of Principal Executive Offices, including Zip code)

**(704) 382-3853**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 5.07. Submission of Matters to a Vote of Security Holders.**

- (a) The Corporation held its Annual Meeting on May 4, 2017.
- (b) At the Annual Meeting, shareholders voted on the following items: (i) election of directors, (ii) ratification of the appointment of Deloitte & Touche LLP as the Corporation's independent registered public accounting firm for 2017, (iii) an advisory vote to approve the Corporation's named executive officer compensation, (iv) an advisory vote on the frequency of the vote on executive compensation, (v) an amendment to the Amended and Restated Certificate of Incorporation of Duke Energy Corporation to eliminate supermajority requirements, (vi) a shareholder proposal regarding providing an annual report on Duke Energy's lobbying expenses, (vii) a shareholder proposal regarding preparing an assessment of the impacts on Duke Energy's portfolio of climate change consistent with a two degree scenario, and (viii) a shareholder proposal regarding providing a report on the public health risks of Duke Energy's coal use. For more information on the proposals, see Duke Energy's proxy statement dated March 23, 2017. Set forth on the following pages are the final voting results for each of the proposals.

• **Election of Director Nominees**

Director	Votes For	Withheld	Broker Non-Votes	Votes Cast FOR Votes Cast FOR + WITHHELD
Michael J. Angelakis	409,210,059	19,419,648	168,008,093	95.47%
Michael G. Browning	400,745,868	27,883,839	168,008,093	93.49%
Theodore F. Craver, Jr.	422,356,933	6,272,774	168,008,093	98.54%
Daniel R. DiMicco	416,212,307	12,417,400	168,008,093	97.10%
John H. Forsgren	421,126,239	7,503,468	168,008,093	98.25%
Lynn J. Good	413,564,029	15,065,678	168,008,093	96.49%
John T. Herron	422,112,056	6,517,651	168,008,093	98.48%
James B. Hylar, Jr.	420,957,335	7,672,372	168,008,093	98.21%
William E. Kennard	413,447,738	15,181,969	168,008,093	96.46%
E. Marie McKee	403,546,363	25,083,344	168,008,093	94.15%
Charles W. Moorman IV	407,034,994	21,594,713	168,008,093	94.96%
Carlos A. Saladrigas	405,207,194	23,422,513	168,008,093	94.54%
Thomas E. Skains	421,995,848	6,633,859	168,008,093	98.45%
William E. Webster, Jr.	421,857,529	6,772,178	168,008,093	98.42%

Each director nominee was elected to the Board of Directors with the support of a majority of the votes cast.

• **Proposal to ratify the appointment of Deloitte & Touche LLP as independent registered public accounting firm for 2017**

Votes For	Votes Against	Abstain	Broker Non-Votes	Votes Cast FOR Votes Cast FOR + AGAINST	Votes Cast FOR Votes Cast FOR + AGAINST + ABSTAIN
583,308,692	10,476,884	2,852,224	N/A	98.24%	97.77%

The proposal to ratify the appointment of Deloitte & Touche LLP as independent registered public accounting firm was approved by the majority of the votes cast.

• **Advisory vote to approve Duke Energy Corporation's named executive officer compensation**

Votes For	Votes Against	Abstain	Broker Non-Votes	Votes Cast FOR Votes Cast FOR + AGAINST	Votes Cast FOR Votes Cast FOR + AGAINST + ABSTAIN
354,516,299	69,041,180	5,072,228	168,008,093	83.70%	82.71%

The advisory vote to approve Duke Energy Corporation's named executive officer compensation was approved by the majority of the votes cast.

• **Advisory vote on the frequency of the vote on executive compensation**

1 Year	2 Years	3 Years	Abstain	Votes Cast For 1 YEAR Votes Cast For 1 YEAR + 2 YEARS + 3 YEARS	Votes Cast For 1 YEAR Votes Cast For 1 YEAR + 2 YEARS + 3 YEARS + ABSTAIN
372,413,430	5,750,004	46,555,634	3,910,639	87.68%	86.88%

The majority of the votes cast selected that the vote on executive compensation should occur every year.

• **Amendment to the Amended and Restated Certificate of Incorporation of Duke Energy Corporation to eliminate supermajority requirements**

Votes For	Votes Against	Abstain	Broker Non-Votes	Votes Cast FOR Outstanding Shares (699,883,243)
412,421,705	12,100,454	4,107,548	168,008,093	58.93%

The amendment to the Amended and Restated Certificate of Incorporation of Duke Energy Corporation to eliminate supermajority requirements failed to receive the support of 80% of the outstanding shares and, therefore, was not approved.

• **Shareholder proposal regarding providing an annual report on Duke Energy's lobbying expenses**

Votes For	Votes Against	Abstain	Broker Non-Votes	Votes Cast FOR Votes Cast FOR + AGAINST	Votes Cast FOR Votes Cast FOR + AGAINST + ABSTAIN
138,638,451	277,637,178	12,354,078	168,008,093	33.30%	32.34%

The shareholder proposal regarding providing an annual report on Duke Energy's lobbying expenses failed to receive the support of a majority of the votes cast and, therefore, was not approved.

• **Shareholder proposal regarding preparing an assessment of the impacts on Duke Energy's portfolio of climate change consistent with a two degree scenario**

Votes For	Votes Against	Abstain	Broker Non-Votes	Votes Cast FOR Votes Cast FOR + AGAINST	Votes Cast FOR Votes Cast FOR + AGAINST + ABSTAIN
192,328,036	221,932,580	14,369,091	168,008,093	46.43%	44.87%

The shareholder proposal regarding preparing an assessment of the impacts on Duke Energy's portfolio of climate change consistent with a two degree scenario failed to receive the support of a majority of the votes cast and, therefore, was not approved.

• **Shareholder proposal regarding providing a report on the public health risks of Duke Energy's coal use**

Votes For	Votes Against	Abstain	Broker Non-Votes	Votes Cast FOR Votes Cast FOR + AGAINST	Votes Cast FOR Votes Cast FOR + AGAINST + ABSTAIN
110,882,187	298,216,794	19,530,726	168,008,093	27.10%	25.87%

The shareholder proposal regarding providing a report on the public health risks of Duke Energy's coal use failed to receive the support of a majority of the votes cast and, therefore, was not approved.

(c) Not applicable.

(d) Based upon the results set forth above for the advisory vote on the frequency of future advisory votes on executive compensation, the Board of Directors has determined that future advisory votes on executive compensation will be submitted to shareholders on an annual basis.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: May 10, 2017

**DUKE ENERGY CORPORATION**

/s/ Julia S. Janson

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Julia S. Janson

Executive Vice President, External Affairs, Chief Legal Officer  
and Corporate Secretary

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 3, 2017

Commission file  
number

Registrant, State of Incorporation or Organization,  
Address of Principal Executive Offices, and Telephone Number

IRS Employer  
Identification No.

1-32853

DUKE ENERGY CORPORATION

(a Delaware corporation)  
550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

20-2777218



Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.



**Item 2.02 Results of Operations and Financial Conditions.**

On August 3, 2017, Duke Energy Corporation will issue and post a news release to its website ([www.Duke-Energy.com/investors](http://www.Duke-Energy.com/investors)) announcing its financial results for the second quarter ended June 30, 2017. A copy of this news release is attached hereto as Exhibit 99.1. The information in Exhibit 99.1 is being furnished pursuant to this Item 2.02.

**Item 9.01 Financial Statements and Exhibits.**

*(d) Exhibits*

99.1 News Release to be issued by Duke Energy Corporation on August 3, 2017

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**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

DUKE ENERGY CORPORATION

/s/ WILLIAM E. CURRENS JR.

William E. Currens Jr.

Senior Vice President, Chief Accounting Officer and Controller

Dated: August 3, 2017

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**EXHIBIT INDEX**

<b><u>Exhibit</u></b>	<b><u>Description</u></b>
99.1	News Release to be issued by Duke Energy Corporation on August 3, 2017

## News Release



Media Contact: Catherine Butler  
24-Hour: 800.559.3853

Analysts: Mike Callahan  
Office: 704.382.0459

Aug. 3, 2017

### Duke Energy reports second quarter 2017 financial results

- **Second quarter 2017 GAAP reported diluted earnings per share (EPS) was \$0.98 compared to \$0.74 in 2016; adjusted diluted EPS was \$1.01 for the second quarter of 2017 compared to \$1.07 for the second quarter of 2016**
- **Company continues to execute on growth strategy, including advancing public policy solutions and enabling timely investment recovery**
- **Company remains on track to achieve its 2017 adjusted diluted earnings guidance range of \$4.50 to \$4.70 per share**

CHARLOTTE, N.C. - Duke Energy today announced second quarter 2017 reported diluted EPS, prepared in accordance with Generally Accepted Accounting Principles (GAAP) of \$0.98, compared to \$0.74 for the second quarter of 2016. Duke Energy's second quarter 2017 adjusted diluted EPS was \$1.01, compared to \$1.07 for the second quarter of 2016.

Adjusted diluted EPS excludes the impact of certain items included in GAAP reported diluted EPS. Amounts excluded from adjusted diluted EPS are primarily costs to achieve the Piedmont Natural Gas merger and a prior year impairment charge related to International Energy, which was sold in December 2016.

Adjusted diluted EPS for the second quarter of 2017 was lower than the prior year, primarily due to the absence of earnings from International Energy, less favorable weather, and higher income tax expense primarily due to a prior year favorable tax resolution. Partially offsetting these drivers were higher retail revenues from increased pricing and riders and stronger retail volumes at Electric Utilities and Infrastructure.

Based upon the results through the second quarter, the company remains on track to achieve its 2017 adjusted diluted earnings guidance range of \$4.50 to \$4.70 per share.

"We continue to execute our company's strategy to build a smarter energy future as we invest in infrastructure our customers value and deliver sustainable growth," said Lynn Good, Duke Energy chairman, president and CEO. "Our second quarter results reflect strong execution across our businesses, and we remain on track to deliver within our full-year guidance range for 2017.

"Advancing public policy solutions to enable our strategy remains a priority. Late last month, House Bill 589, Competitive Energy Solutions for North Carolina, became law. The act outlines a thoughtful, market-driven approach to renewable energy. It is consistent with our

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commitment to deliver reliable, affordable and cleaner energy to our customers and provide timely investment recovery for our investors.”

### **Business segment results**

In addition to the following summary of second quarter 2017 business segment performance, comprehensive tables with detailed earnings per share drivers for the quarter and the year-to-date, compared to prior year, are provided on pages 18 and 19.

The discussion below of the second quarter results includes both GAAP segment income and adjusted segment income, which is a non-GAAP financial measure. The tables on pages 8 through 11 present a reconciliation of GAAP reported results to adjusted results.

Due to the Piedmont acquisition and the sale of International Energy in the fourth quarter of 2016, Duke Energy's segment structure has been realigned to include the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. Other now includes the results of National Methanol Company (NMC), previously included in the International Energy segment. Prior periods have been recast to conform to the current segment structure.

### **Electric Utilities and Infrastructure**

On a reported and adjusted basis, Electric Utilities and Infrastructure recognized second quarter 2017 segment income of \$729 million, compared to \$704 million in the second quarter of 2016, an increase of \$0.03 per share, excluding share dilution of \$0.01 per share.

Higher quarterly results at Electric Utilities and Infrastructure were primarily driven by increased pricing and riders (+\$0.05 per share) and higher retail volumes (+\$0.03 per share). These favorable drivers were partially offset by less favorable weather (-\$0.05 per share).

### **Gas Utilities and Infrastructure**

On a reported and adjusted basis, Gas Utilities and Infrastructure recognized second quarter segment income of \$27 million, compared to \$16 million in the second quarter of 2016, an increase of \$0.02 per share.

Higher quarterly results at Gas Utilities and Infrastructure were driven by higher earnings from midstream pipeline investments (+\$0.02 per share).

### **Commercial Renewables**

On a reported and adjusted basis, Commercial Renewables recognized second quarter 2017 segment income of \$26 million, compared to \$11 million in the second quarter of 2016, an increase of \$0.02 per share.

Higher earnings from improved wind resources and new projects brought on-line in late 2016 (+\$0.03 per share) were partially offset by lower solar investment tax credits (ITCs) in the current year (-\$0.01 per share).

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## Other

Other primarily includes corporate interest expense not allocated to the business units, results from Duke Energy's captive insurance company, and other investments including NMC, an equity method investment.

On a reported basis, Other recognized second quarter 2017 net expense of \$94 million, compared to net expense of \$107 million in the second quarter of 2016. In addition to the drivers outlined below, quarterly results were impacted by lower costs to achieve the Piedmont merger. These charges were treated as special items and therefore excluded from adjusted earnings.

On an adjusted basis, Other recognized second quarter 2017 adjusted net expense of \$75 million, compared to adjusted net expense of \$23 million in the second quarter of 2016, a decrease of \$0.07 per share. Lower quarterly results at Other were driven by higher income tax expense primarily due to a prior year favorable tax resolution (-\$0.05 per share), and higher interest expense at the holding company, primarily resulting from the Piedmont Natural Gas acquisition financing (-\$0.03 per share).

Duke Energy's consolidated reported effective tax rate for the second quarter of 2017 was 32.1 percent, compared to 28.8 percent in the second quarter of 2016. The consolidated adjusted effective tax rate for second quarter 2017 was 32.3 percent, compared to 31.4 percent in 2016. Adjusted effective tax rate is a non-GAAP financial measure. The tables on page 12 present a reconciliation of the GAAP reported effective tax rate to the adjusted effective tax rate.

## Discontinued Operations

Duke Energy's second quarter 2016 Loss from Discontinued Operations included an impairment charge related to certain assets in Central America, partially offset by the operating results of the International Disposal Group. The operating results of \$31 million were included in adjusted earnings.

## Earnings conference call for analysts

An earnings conference call for analysts is scheduled from 10 to 11 a.m. ET today to discuss the second quarter 2017 financial results and other business and financial updates.

The conference call will be hosted by Lynn Good, chairman, president and chief executive officer, and Steve Young, executive vice president and chief financial officer.

The call can be accessed via the investors' section (<http://www.Duke-Energy.com/investors/>) of Duke Energy's website or by dialing 877-856-1958 in the United States or 719-325-4776 outside the United States. The confirmation code is 7921662. Please call in 10 to 15 minutes prior to the scheduled start time.

A replay of the conference call will be available until 1 p.m. ET, Aug. 13, 2017, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 7921662. An audio replay and transcript will also be available by accessing the investors' section of the company's website.

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## Special Items and Non-GAAP Reconciliation

The following table presents a reconciliation of GAAP reported to adjusted diluted EPS for second quarter 2017 and 2016 financial results:

(In millions, except per-share amounts)	After-Tax Amount	2Q 2017 EPS	2Q 2016 EPS
Diluted EPS, as reported		\$ 0.98	\$ 0.74
Adjustments to reported EPS:			
<b>Second Quarter 2017</b>			
Costs to achieve Piedmont merger	\$ 19	0.03	
<b>Second Quarter 2016</b>			
Costs to achieve mergers	69		0.10
Cost savings initiatives	15		0.02
Discontinued operations <sup>(a)</sup>	146		0.21
Total adjustments		\$ 0.03	\$ 0.33
Diluted EPS, adjusted		\$ 1.01	\$ 1.07

(a) Includes an after-tax impairment charge of \$145 million related to certain assets in Central America that were sold in 2016. Represents GAAP reported Loss from Discontinued Operations less the International Disposal Group operating results, which are included in adjusted earnings.

## Non-GAAP financial measures

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted EPS.

Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per share impact of special items. As discussed below, special items represent certain charges and credits which management believes are not indicative of Duke Energy's ongoing performance. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them with 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 financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. 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 (GAAP Reported Earnings) and Diluted EPS Attributable to Duke Energy Corporation common stockholders (GAAP Reported EPS), respectively.

Special items included in the periods presented include the following items which management believes do not reflect ongoing costs:

- Costs to achieve mergers represent charges that result from strategic acquisitions.

- Cost savings initiatives represent severance charges related to company-wide initiatives, excluding merger integration, to standardize processes and systems, leverage technology and workforce optimization.

Adjusted earnings also include operating results of the International Disposal Group, which have been classified as discontinued operations. Management believes inclusion of the operating results of the Disposal Group within adjusted earnings and adjusted diluted EPS results in a better reflection of Duke Energy's financial performance during the period.

Due to the forward-looking nature of any forecasted adjusted earnings guidance, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods (such as legal settlements, the impact of regulatory orders, or asset impairments).

Management evaluates segment performance based on segment income and other net expense. Segment income is defined as income from continuing operations attributable to Duke Energy. Segment income includes intercompany revenues and expenses that are eliminated in the Consolidated Financial Statements. Management also uses adjusted segment income as a measure of historical and anticipated future segment performance. Adjusted segment income is a non-GAAP financial measure, as it is based upon segment income adjusted for special items, which are discussed above. Management believes the presentation of adjusted segment income provides useful information to investors, as it provides them with an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment income or adjusted other net expense is segment income and other net expense.

Due to the forward-looking nature of any forecasted adjusted segment income or adjusted other net expense and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to forecast all special items, as discussed above.

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

Headquartered in Charlotte, N.C., Duke Energy is one of the largest energy holding companies in the United States. Its Electric Utilities and Infrastructure business unit serves approximately 7.5 million customers located in six states in the Southeast and Midwest. The company's Gas Utilities and Infrastructure business unit distributes natural gas to approximately 1.6 million customers in the Carolinas, Ohio, Kentucky and Tennessee. Its Commercial Renewables business unit operates a growing renewable energy portfolio across the United States.

Duke Energy is a Fortune 125 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available at [duke-energy.com](http://duke-energy.com).

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The [Duke Energy News Center](#) serves as a multimedia resource for journalists and features news releases, helpful links, photos and videos. Hosted by Duke Energy, [illumination](#) is an online destination for stories about people, innovations, and community and environmental topics. It also offers glimpses into the past and insights into the future of energy.

Follow Duke Energy on [Twitter](#), [LinkedIn](#), [Instagram](#) and [Facebook](#).

### 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 and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to: state, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices; the extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate; the ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process; the costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process; 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 sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies; federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy's service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs; advancements in technology; additional competition in electric and gas markets and continued industry consolidation; the influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change; the ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources; the ability to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business; operational

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interruptions to our gas distribution and transmission activities; the availability of adequate interstate pipeline transportation capacity and natural gas supply; the impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, and other catastrophic events such as fires, explosions, pandemic health events or other similar occurrences; the inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third party service providers; the timing and extent of changes in commodity prices and interest 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, interest rate fluctuations and general economic conditions; the credit ratings may be different from what the company and its subsidiaries expect; 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, 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; substantial revision to the U.S. tax code, such as changes to the corporate tax rate or a material change in the deductibility of interest; the impact of potential goodwill impairments; the ability to successfully complete future merger, acquisition or divestiture plans; the ability to successfully integrate the natural gas businesses following the acquisition of Piedmont Natural Gas Company, Inc. and realize anticipated benefits; and the ability to implement our business strategy.

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 [www.sec.gov](http://www.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 described. Forward-looking statements speak only as of the date they are made; Duke Energy expressly disclaims an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Three Months Ended June 30, 2017  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Item	Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger			
<b>SEGMENT INCOME</b>					
Electric Utilities and Infrastructure	\$ 729	\$ —	\$ —	\$ —	\$ 729
Gas Utilities and Infrastructure	27	—	—	—	27
Commercial Renewables	26	—	—	—	26
<b>Total Reportable Segment Income</b>	<b>782</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>782</b>
Other	(94)	19 A	—	19	(75)
Discontinued Operations	(2)	—	2 B	2	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 686</b>	<b>\$ 19</b>	<b>\$ 2</b>	<b>\$ 21</b>	<b>\$ 707</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.98</b>	<b>\$ 0.03</b>	<b>\$ —</b>	<b>\$ 0.03</b>	<b>\$ 1.01</b>

A - Net of \$11 million tax benefit. \$30 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

Weighted Average Shares, Diluted (reported and adjusted) - 700 million

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Six Months Ended June 30, 2017**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Item	Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger			
<b>SEGMENT INCOME</b>					
Electric Utilities and Infrastructure	\$ 1,364	\$ —	\$ —	\$ —	\$ 1,364
Gas Utilities and Infrastructure	160	—	—	—	160
Commercial Renewables	51	—	—	—	51
<b>Total Reportable Segment Income</b>	<b>1,575</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,575</b>
Other	(171)	29 A	—	29	(142)
Discontinued Operations	(2)	—	2 B	2	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 1,402</b>	<b>\$ 29</b>	<b>\$ 2</b>	<b>\$ 31</b>	<b>\$ 1,433</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 2.00</b>	<b>\$ 0.05</b>	<b>\$ —</b>	<b>\$ 0.05</b>	<b>\$ 2.05</b>

A - Net of \$17 million tax benefit, \$45 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

B - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

Weighted Average Shares, Diluted (reported and adjusted) - 700 million

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Three Months Ended June 30, 2016**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	International Energy Operations			
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 704	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 704
Gas Utilities and Infrastructure	16	—	—	—	—	—	16
Commercial Renewables	11	—	—	—	—	—	11
<b>Total Reportable Segment Income</b>	<b>731</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>731</b>
International Energy	—	—	—	31 C	—	31	31
Other	(107)	89 A	15 B	—	—	84	(23)
Discontinued Operations	(115)	—	—	(31) C	146 D	115	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 509</b>	<b>\$ 69</b>	<b>\$ 15</b>	<b>\$ —</b>	<b>\$ 146</b>	<b>\$ 230</b>	<b>\$ 739</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.74</b>	<b>\$ 0.10</b>	<b>\$ 0.02</b>	<b>\$ —</b>	<b>\$ 0.21</b>	<b>\$ 0.33</b>	<b>\$ 1.07</b>

A - Net of \$42 million tax benefit. Includes \$28 million recorded within Operating Expenses and \$83 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

B - Net of \$9 million tax benefit. Consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

C - Net of \$35 million tax expense. Operating results of the International Disposal Group, which exclude the impairment described below, recorded within Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

D - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations. Includes an impairment charge related to certain assets in Central America.

Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 690 million

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Six Months Ended June 30, 2016**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	International Energy Operations			
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 1,368	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,368
Gas Utilities and Infrastructure	48	—	—	—	—	—	48
Commercial Renewables	37	—	—	—	—	—	37
<b>Total Reportable Segment Income</b>	<b>1,453</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,453</b>
International Energy	—	—	—	148 C	—	148	148
Other	(255)	143 A	27 B	—	—	170	(85)
Discontinued Operations	5	—	—	(148) C	143 D	(5)	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 1,203</b>	<b>\$ 143</b>	<b>\$ 27</b>	<b>\$ —</b>	<b>\$ 143</b>	<b>\$ 313</b>	<b>\$ 1,516</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.74</b>	<b>\$ 0.21</b>	<b>\$ 0.04</b>	<b>\$ —</b>	<b>\$ 0.21</b>	<b>\$ 0.46</b>	<b>\$ 2.20</b>

- A - Net of \$88 million tax benefit. Includes \$1 million recorded within Operating Revenues, \$47 million recorded within Operating Expenses and \$183 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.
- B - Net of \$17 million tax benefit. Consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.
- C - Includes \$4 million tax benefit. Operating results of the International Disposal Group, which exclude the impairment described below, recorded within Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.
- D - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations. Includes an impairment charge related to certain assets in Central America.

Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 689 million

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
June 2017  
(Dollars in Millions)

	Three Months Ended June 30, 2017		Six Months Ended June 30, 2017	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 1,018		\$ 2,079	
Costs to Achieve Piedmont Merger	30		46	
Noncontrolling Interests	(3)		(4)	
<b>Adjusted Pretax Income</b>	<u>\$ 1,045</u>		<u>\$ 2,121</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 327	32.1%	\$ 671	32.3%
Costs to Achieve Piedmont Merger	11		17	
<b>Adjusted Tax Expense</b>	<u>\$ 338</u>	32.3% *	<u>\$ 688</u>	32.4% *

	Three Months Ended June 30, 2016		Six Months Ended June 30, 2016	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 877		\$ 1,706	
Costs to Achieve Mergers	111		231	
Cost Savings Initiatives	24		44	
International Energy Operations	66		144	
Noncontrolling Interests	—		(3)	
<b>Adjusted Pretax Income</b>	<u>\$ 1,078</u>		<u>\$ 2,122</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 253	28.8%	\$ 505	29.6%
Costs to Achieve Mergers	42		88	
Cost Savings Initiatives	9		17	
International Energy Operations	35		(4)	
<b>Adjusted Tax Expense</b>	<u>\$ 339</u>	31.4% *	<u>\$ 606</u>	28.6% *

\*Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using pretax earnings and income tax expense, both adjusted for the impact of special items. The most directly comparable GAAP measure for adjusted effective tax rate is reported effective tax rate, which includes the impact of special items.

**June 2017  
QUARTERLY HIGHLIGHTS  
(Unaudited)**

<i>(In millions, except per-share amounts and where noted)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
<b>Earnings Per Share - Basic and Diluted</b>				
Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ 0.98	\$ 0.90	\$ 2.00	\$ 1.73
Diluted	\$ 0.98	\$ 0.90	\$ 2.00	\$ 1.73
(Loss) Income from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ —	\$ (0.16)	\$ —	\$ 0.01
Diluted	\$ —	\$ (0.16)	\$ —	\$ 0.01
Net income attributable to Duke Energy Corporation common stockholders				
Basic	\$ 0.98	\$ 0.74	\$ 2.00	\$ 1.74
Diluted	\$ 0.98	\$ 0.74	\$ 2.00	\$ 1.74
Weighted average shares outstanding				
Basic	700	689	700	689
Diluted	700	690	700	689
<b>INCOME (LOSS) BY BUSINESS SEGMENT</b>				
Electric Utilities and Infrastructure	\$ 729	\$ 704	\$ 1,364	\$ 1,368
Gas Utilities and Infrastructure <sup>(a)</sup>	27	16	160	48
Commercial Renewables	26	11	51	37
Total Reportable Segment Income	<u>782</u>	<u>731</u>	<u>1,575</u>	<u>1,453</u>
Other <sup>(b)(c)(d)</sup>	(94)	(107)	(171)	(255)
(Loss) Income from Discontinued Operations <sup>(e)</sup>	(2)	(115)	(2)	5
Net Income Attributable to Duke Energy Corporation	<u>\$ 686</u>	<u>\$ 509</u>	<u>\$ 1,402</u>	<u>\$ 1,203</u>
<b>CAPITALIZATION</b>				
Total Common Equity (%)			44%	48%
Total Debt (%)			56%	52%
Total Debt			\$ 53,003	\$ 43,823
Book Value Per Share			\$ 58.99	\$ 57.98
Actual Shares Outstanding			700	689
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>				
Electric Utilities and Infrastructure	\$ 1,571	\$ 1,517	\$ 3,445	\$ 2,956
Gas Utilities and Infrastructure	265	113	607	168
Commercial Renewables	10	142	69	309
Other <sup>(f)</sup>	37	53	97	96
Total Capital and Investment Expenditures	<u>\$ 1,883</u>	<u>\$ 1,825</u>	<u>\$ 4,218</u>	<u>\$ 3,529</u>

Note: Prior period amounts have been recast to conform to the current segment structure.

(a) Includes \$1 million and \$100 million of Piedmont's earnings for the three and six months ended June 30, 2017, respectively.

(b) Includes costs to achieve the Piedmont merger of \$19 million (net of tax of \$11 million) for the three months ended June 30, 2017, and \$29 million (net of tax of \$17 million) for the six months ended June 30, 2017.

(c) Includes costs to achieve mergers of \$69 million (net of tax of \$42 million) for the three months ended June 30, 2016, and \$143 million (net of tax of \$88 million) for the six months ended June 30, 2016.

(d) Includes a charge of \$15 million (net of tax of \$9 million) for the three months ended June 30, 2016, and \$27 million (net of tax of \$17 million) for the six months ended June 30, 2016, primarily consisting of severance expense related to cost savings initiatives.

(e) Includes an impairment charge related to certain assets in Central America, partially offset by the operating results of the International Disposal Group for the three and six months ended June 30, 2018.

(f) Includes capital expenditures of the International Disposal Group prior to the sale for the three and six months ended June 30, 2016.



June 2017  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

(In millions)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
<b>ELECTRIC UTILITIES AND INFRASTRUCTURE</b>				
Operating Revenues	\$ 5,158	\$ 5,001	\$ 10,105	\$ 10,090
Operating Expenses				
Fuel used in electric generation and purchased power	1,549	1,509	3,003	3,086
Operation, maintenance and other	1,265	1,230	2,536	2,528
Depreciation and amortization	714	701	1,451	1,410
Property and other taxes	270	263	531	525
Impairment charges	2	1	2	3
Total operating expenses	3,800	3,704	7,523	7,552
Gains on Sales of Other Assets and Other, net	1	1	4	2
Operating Income	1,359	1,298	2,586	2,540
Other Income and Expenses	76	77	155	140
Interest Expense	305	272	620	542
Income Before Income Taxes	1,130	1,103	2,121	2,138
Income Tax Expense	401	399	757	770
Segment Income	\$ 729	\$ 704	\$ 1,364	\$ 1,368
<b>GAS UTILITIES AND INFRASTRUCTURE</b>				
Operating Revenues	\$ 301	\$ 99	\$ 971	\$ 269
Operating Expenses				
Cost of natural gas	76	9	334	58
Operation, maintenance and other	93	28	198	60
Depreciation and amortization	57	20	114	40
Property and other taxes	26	14	56	32
Total operating expenses	252	71	702	190
Operating Income	49	28	269	79
Other Income and Expenses	20	3	38	6
Interest Expense	26	6	52	13
Income Before Income Taxes	43	25	255	72
Income Tax Expense	16	9	95	24
Segment Income	\$ 27	\$ 16	\$ 160	\$ 48
<b>COMMERCIAL RENEWABLES</b>				
Operating Revenues	\$ 110	\$ 112	\$ 238	\$ 226
Operating Expenses				
Operation, maintenance and other	58	82	135	155
Depreciation and amortization	38	32	77	82
Property and other taxes	8	6	17	12
Total operating expenses	104	120	229	229
Gains on Sales of Other Assets and Other, net	2	1	4	2
Operating Income (Loss)	8	(7)	13	(1)
Other Income and Expenses	(1)	—	(2)	(2)
Interest Expense	23	12	42	23
Loss Before Income Taxes	(16)	(19)	(31)	(28)
Income Tax Benefit	(42)	(29)	(81)	(62)
Less: Loss Attributable to Noncontrolling interests	—	(1)	(1)	(1)
Segment Income	\$ 26	\$ 11	\$ 51	\$ 37
<b>OTHER</b>				
Operating Revenues	\$ 35	\$ 30	\$ 68	\$ 59
Operating Expenses				
Fuel used in electric generation and purchased power	14	12	29	23
Operation, maintenance and other	18	39	26	75
Depreciation and amortization	26	37	52	71

Property and other taxes	4	8	7	17
Impairment charges	7	—	7	2
Total operating expenses	<u>69</u>	<u>96</u>	<u>121</u>	<u>188</u>
Gains on Sales of Other Assets and Other, net	<u>6</u>	<u>6</u>	<u>11</u>	<u>11</u>
Operating Loss	(28)	(60)	(42)	(118)
Other Income and Expenses	28	19	49	36
Interest Expense	<u>139</u>	<u>191</u>	<u>273</u>	<u>396</u>
Loss Before Income Taxes	(139)	(232)	(266)	(478)
Income Tax Benefit	(48)	(126)	(100)	(227)
Less: Income Attributable to Noncontrolling Interests	<u>3</u>	<u>1</u>	<u>5</u>	<u>4</u>
Other Net Expense	<u>\$ (94)</u>	<u>\$ (107)</u>	<u>\$ (171)</u>	<u>\$ (255)</u>

Note: Prior period amounts have been recast to conform to the current segment structure.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(In millions, except per-share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
<b>Operating Revenues</b>				
Regulated electric	\$ 5,118	\$ 4,965	\$ 10,031	\$ 10,018
Regulated natural gas	275	97	921	286
Nonregulated electric and other	162	151	332	306
Total operating revenues	5,555	5,213	11,284	10,590
<b>Operating Expenses</b>				
Fuel used in electric generation and purchased power	1,541	1,521	2,990	3,109
Cost of natural gas	76	9	334	58
Operation, maintenance and other	1,407	1,351	2,840	2,767
Depreciation and amortization	835	790	1,694	1,583
Property and other taxes	307	290	611	585
Impairment charges	9	1	9	4
Total operating expenses	4,175	3,962	8,478	8,106
Gains on Sales of Other Assets and Other, net	7	8	18	15
<b>Operating Income</b>	<b>1,387</b>	<b>1,259</b>	<b>2,824</b>	<b>2,499</b>
<b>Other Income and Expenses</b>				
Equity in earnings of unconsolidated affiliates	36	15	65	23
Other income and expenses, net	81	81	167	151
Total other income and expenses	117	96	232	174
<b>Interest Expense</b>	<b>486</b>	<b>478</b>	<b>977</b>	<b>967</b>
<b>Income From Continuing Operations Before Income Taxes</b>	<b>1,018</b>	<b>877</b>	<b>2,079</b>	<b>1,706</b>
<b>Income Tax Expense from Continuing Operations</b>	<b>327</b>	<b>253</b>	<b>671</b>	<b>505</b>
<b>Income From Continuing Operations</b>	<b>691</b>	<b>624</b>	<b>1,408</b>	<b>1,201</b>
<b>(Loss) Income From Discontinued Operations, net of tax</b>	<b>(2)</b>	<b>(112)</b>	<b>(2)</b>	<b>10</b>
<b>Net Income</b>	<b>689</b>	<b>512</b>	<b>1,406</b>	<b>1,211</b>
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>8</b>
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 686</b>	<b>\$ 509</b>	<b>\$ 1,402</b>	<b>\$ 1,203</b>

**Earnings Per Share - Basic and Diluted**

Income from continuing operations attributable to Duke Energy Corporation common stockholders

Basic	\$ 0.98	\$ 0.90	\$ 2.00	\$ 1.73
Diluted	\$ 0.98	\$ 0.90	\$ 2.00	\$ 1.73

(Loss) Income from discontinued operations attributable to Duke Energy Corporation common stockholders

Basic	\$ —	\$ (0.16)	\$ —	\$ 0.01
Diluted	\$ —	\$ (0.16)	\$ —	\$ 0.01

Net income attributable to Duke Energy Corporation common stockholders

Basic	\$ 0.98	\$ 0.74	\$ 2.00	\$ 1.74
Diluted	\$ 0.98	\$ 0.74	\$ 2.00	\$ 1.74

Weighted average shares outstanding

Basic	700	689	700	689
Diluted	700	690	700	689

DUKE ENERGY CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(unaudited)

(in millions)	June 30, 2017	December 31, 2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 298	\$ 392
Receivables (net of allowance for doubtful accounts of \$13 at 2017 and \$14 at 2016)	498	751
Receivables of VIEs (net of allowance for doubtful accounts of \$56 at 2017 and \$54 at 2016)	1,880	1,893
Inventory	3,369	3,522
Regulatory assets (includes \$52 at 2017 and \$50 at 2016 related to VIEs)	1,192	1,023
Other	436	458
<b>Total current assets</b>	<b>7,673</b>	<b>8,039</b>
<b>Property, Plant and Equipment</b>		
Cost	124,439	121,397
Accumulated depreciation and amortization	(40,522)	(39,406)
Generation facilities to be retired, net	487	529
<b>Net property, plant and equipment</b>	<b>84,404</b>	<b>82,520</b>
<b>Other Noncurrent Assets</b>		
Goodwill	19,425	19,425
Regulatory assets (includes \$1,121 at 2017 and \$1,142 at 2016 related to VIEs)	12,808	12,878
Nuclear decommissioning trust funds	6,601	6,205
Investments in equity method unconsolidated affiliates	1,267	925
Other	2,826	2,769
<b>Total other noncurrent assets</b>	<b>42,927</b>	<b>42,202</b>
<b>Total Assets</b>	<b>\$ 135,004</b>	<b>\$ 132,761</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,177	\$ 2,994
Notes payable and commercial paper	3,488	2,487
Taxes accrued	432	384
Interest accrued	506	503
Current maturities of long-term debt (includes \$212 at 2017 and \$260 at 2016 related to VIEs)	3,472	2,319
Asset retirement obligations	397	411
Regulatory liabilities	286	409
Other	1,708	2,044
<b>Total current liabilities</b>	<b>12,466</b>	<b>11,551</b>
<b>Long-Term Debt (includes \$4,018 at 2017 and \$3,587 at 2016 related to VIEs)</b>	<b>46,043</b>	<b>45,576</b>
<b>Other Noncurrent Liabilities</b>		
Deferred income taxes	14,695	14,155
Asset retirement obligations	10,165	10,200
Regulatory liabilities	7,048	6,881
Accrued pension and other post-retirement benefit costs	1,108	1,111
Investment tax credits	534	493
Other	1,651	1,753
<b>Total other noncurrent liabilities</b>	<b>35,201</b>	<b>34,593</b>
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 700 million shares outstanding at 2017 and 2016	1	1
Additional paid-in capital	38,758	38,741
Retained earnings	2,607	2,384
Accumulated other comprehensive loss	(82)	(93)
<b>Total Duke Energy Corporation stockholders' equity</b>	<b>41,284</b>	<b>41,033</b>
Noncontrolling interests	10	8
<b>Total equity</b>	<b>41,294</b>	<b>41,041</b>
<b>Total Liabilities and Equity</b>	<b>\$ 135,004</b>	<b>\$ 132,761</b>

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Six Months Ended June 30,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 1,406	\$ 1,211
Adjustments to reconcile net income to net cash provided by operating activities	1,350	2,014
Net cash provided by operating activities	<u>2,756</u>	<u>3,225</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	<u>(4,324)</u>	<u>(3,608)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by financing activities	<u>1,474</u>	<u>202</u>
Changes in cash and cash equivalents included in assets held for sale	—	79
Net decrease in cash and cash equivalents	(94)	(102)
Cash and cash equivalents at the beginning of period	392	383
Cash and cash equivalents at end of period	<u>\$ 298</u>	<u>\$ 281</u>

DUKE ENERGY CORPORATION  
EARNINGS VARIANCES  
June 2017 QTD vs. Prior Year

(\$ per share)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	International Energy	Other	Discontinued Operations	Consolidated
<b>2016 QTD Reported Earnings Per Share, Diluted</b>	\$ 1.02	\$ 0.02	\$ 0.02	\$ —	\$ (0.16)	\$ (0.16)	\$ 0.74
Costs to Achieve Mergers	—	—	—	—	0.10	—	0.10
Cost Savings Initiatives	—	—	—	—	0.02	—	0.02
International Energy Operations	—	—	—	0.05	—	(0.05)	—
Discontinued Operations (a)	—	—	—	—	—	0.21	0.21
<b>2016 QTD Adjusted Earnings Per Share, Diluted</b>	\$ 1.02	\$ 0.02	\$ 0.02	\$ 0.05	\$ (0.04)	\$ —	\$ 1.07
Change in share count (b)	(0.01)	—	—	—	—	—	(0.01)
Weather	(0.05)	—	—	—	—	—	(0.05)
Retail Volumes	0.03	—	—	—	—	—	0.03
Pricing and Riders (c)	0.05	—	—	—	—	—	0.05
Wholesale	—	—	—	—	—	—	—
Operations and maintenance, net of recoverables	0.01	—	—	—	—	—	0.01
Piedmont Natural Gas contribution	—	—	—	—	—	—	—
Midstream Gas Pipelines	—	0.02	—	—	—	—	0.02
Duke Energy Renewables (d)	—	—	0.02	—	—	—	0.02
National Methanol Company (NMC)	—	—	—	—	0.01	—	0.01
Interest Expense	(0.02)	—	—	—	(0.03)	—	(0.05)
Other (e)	—	—	—	—	—	—	—
Change in effective income tax rate (f)	0.01	—	—	0.02	(0.05)	—	(0.02)
Latin America, including foreign exchange rates	—	—	—	(0.07)	—	—	(0.07)
<b>2017 QTD Adjusted Earnings Per Share, Diluted</b>	\$ 1.04	\$ 0.04	\$ 0.04	\$ —	\$ (0.11)	\$ —	\$ 1.01
Costs to Achieve Piedmont Merger	—	—	—	—	(0.03)	—	(0.03)
<b>2017 QTD Reported Earnings Per Share, Diluted</b>	\$ 1.04	\$ 0.04	\$ 0.04	\$ —	\$ (0.14)	\$ —	\$ 0.98

Note 1: Prior period amounts have been recast to conform to the current segment structure. Results of NMC are included within Other.

Note 2: Earnings Per Share amounts are calculated using the consolidated statutory income tax rate for all drivers except Duke Energy Renewables, which uses an effective rate.

(a) Represents an impairment charge related to certain assets in Central America that were sold in 2016.

(b) Due to the Q4 2016 share issuance used to partially fund the Piedmont acquisition. Weighted average diluted shares outstanding increased from 690 million shares to 700 million shares.

(c) Primarily due to the DEP South Carolina rate case, the generation base rate adjustment at DEF, and favorable energy efficiency riders.

(d) Primarily due to improved wind resources and new projects placed in service (+\$0.03), partially offset by lower solar ITCs in the current year (-\$0.01).

(e) Electric Utilities and Infrastructure is primarily due to higher AFUDC Equity (+\$0.02) offset by higher depreciation, amortization and other (-\$0.02).

(f) Other is driven by a prior year favorable tax resolution (-\$0.04).

DUKE ENERGY CORPORATION  
EARNINGS VARIANCES  
June 2017 YTD vs. Prior Year

(\$ per share)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	International Energy	Other	Discontinued Operations	Consolidated
<b>2016 YTD Reported Earnings Per Share, Diluted</b>	\$ 1.99	\$ 0.07	\$ 0.05	\$ —	\$ (0.37)	\$ —	\$ 1.74
Costs to Achieve Mergers	—	—	—	—	0.21	—	0.21
Cost Savings Initiatives	—	—	—	—	0.04	—	0.04
International Energy Operations	—	—	—	0.21	—	(0.21)	—
Discontinued Operations (a)	—	—	—	—	—	0.21	0.21
<b>2016 YTD Adjusted Earnings Per Share, Diluted</b>	\$ 1.99	\$ 0.07	\$ 0.05	\$ 0.21	\$ (0.12)	\$ —	\$ 2.20
Change in share count (b)	(0.03)	—	—	—	—	—	(0.03)
Weather	(0.19)	—	—	—	—	—	(0.19)
Retail Volumes	0.04	—	—	—	—	—	0.04
Pricing and Riders (c)	0.08	—	—	—	—	—	0.08
Wholesale	—	—	—	—	—	—	—
Operations and maintenance, net of recoverables (d)	0.09	—	—	—	—	—	0.09
Piedmont Natural Gas contribution	—	0.14	—	—	—	—	0.14
Midstream Gas Pipelines	—	0.02	—	—	—	—	0.02
Duke Energy Renewables (e)	—	—	0.02	—	—	—	0.02
National Methanol Company (NMC)	—	—	—	—	0.02	—	0.02
Interest Expense	(0.06)	—	—	—	(0.05)	—	(0.11)
Other (f)	0.04	—	—	—	0.02	—	0.06
Change in effective income tax rate (g)	(0.01)	—	—	(0.08)	(0.07)	—	(0.16)
Latin America, including foreign exchange rates	—	—	—	(0.13)	—	—	(0.13)
<b>2017 YTD Adjusted Earnings Per Share, Diluted</b>	\$ 1.95	\$ 0.23	\$ 0.07	\$ —	\$ (0.20)	\$ —	\$ 2.05
Cost to Achieve Piedmont Merger	—	—	—	—	(0.05)	—	(0.05)
<b>2017 YTD Reported Earnings Per Share, Diluted</b>	\$ 1.95	\$ 0.23	\$ 0.07	\$ —	\$ (0.25)	\$ —	\$ 2.00

Note 1: Prior period amounts have been recast to conform to the current segment structure. Results of NMC are included within Other.

Note 2: Earnings Per Share amounts are calculated using the consolidated statutory income tax rate for all drivers except Duke Energy Renewables, which uses an effective rate.

(a) Represents an impairment charge related to certain assets in Central America that were sold in 2016.

(b) Due to the Q4 2016 share issuance used to partially fund the Piedmont acquisition. Weighted average diluted shares outstanding increased from 689 million shares to 700 million shares.

(c) Primarily due to the DEP South Carolina rate case, the generation base rate adjustment at DEF, and favorable energy efficiency riders.

(d) Primarily due to ongoing cost control and lower storm restoration costs.

(e) Primarily due to improved wind resources and new projects placed in service (+\$0.03), partially offset by lower solar ITCs in the current year (-\$0.01).

(f) Electric Utilities and Infrastructure is primarily due to higher AFUDC equity (+\$0.05), partially offset by higher depreciation, amortization and other (-\$0.02).

(g) Other is driven by a prior year favorable tax resolution (\$-0.04).

Electric Utilities and Infrastructure  
Quarterly Highlights  
June 2017

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	18,061	17,685	2.1%	2.5%	36,126	39,347	(3.1%)	0.8%
General Service	18,774	18,673	0.5%	0.4%	36,323	36,523	(0.5%)	0.4%
Industrial	13,096	13,021	0.6%	0.7%	25,401	25,293	0.4%	0.7%
Other Energy Sales	141	145	(2.8%)		285	291	(2.1%)	
Unbilled Sales	1,397	2,125	(34.3%)	n/a	462	1,781	(74.1%)	n/a
Total Retail Sales	51,469	51,649	(0.3%)	1.2%	100,597	103,235	(2.6%)	0.6%
Wholesale and Other	9,949	10,539	(5.6%)		19,811	21,681	(8.6%)	
Total Consolidated Electric Sales - Electric Utilities and Infrastructure	61,418	62,185	(1.2%)		120,408	124,916	(3.6%)	
<b>Average Number of Customers (Electric)</b>								
Residential	6,523,982	6,438,062	1.3%		6,517,331	6,431,744	1.3%	
General Service	972,127	961,384	1.1%		970,512	959,423	1.2%	
Industrial	17,730	17,864	(0.8%)		17,739	17,900	(0.9%)	
Other Energy Sales	23,296	23,059	0.9%		23,251	23,106	0.6%	
Total Retail Customers	7,537,137	7,440,369	1.3%		7,528,833	7,432,173	1.3%	
Wholesale and Other	53	65	(10.8%)		59	64	(7.8%)	
Total Average Number of Customers - Electric Utilities and Infrastructure	7,537,195	7,440,454	1.3%		7,528,892	7,432,237	1.3%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	18,257	15,758	15.8%		35,196	33,702	4.4%	
Nuclear	18,158	18,609	(2.4%)		35,899	36,608	(1.9%)	
Hydro	628	324	93.8%		825	1,371	(39.5%)	
Oil and Natural Gas	14,364	14,794	(2.8%)		28,595	30,687	(7.4%)	
Renewable Energy	128	45	184.4%		203	96	107.1%	
Total Generation (4)	51,535	49,530	4.0%		100,722	102,646	(1.9%)	
Purchased Power and Net Interchange (5)	13,146	16,139	(18.5%)		25,714	28,652	(10.3%)	
Total Sources of Energy	64,681	65,669	(1.5%)		126,436	131,298	(3.7%)	
Less: Line Loss and Other	3,263	3,484	(6.3%)		6,028	6,382	(5.5%)	
Total GWh Sources	61,418	62,185	(1.2%)		120,408	124,916	(3.6%)	
<b>Owned MW Capacity (3)</b>								
Summer					49,387	49,666		
Winter					53,091	52,637		
<b>Nuclear Capacity Factor (%) (6)</b>								
					93	96		

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.



Duke Energy Carolinas  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
June 2017

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017	2016	% Inc.(Dec)	% Inc.(Dec.) Weather Normal (2)	2017	2016	% Inc.(Dec)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	5,841	5,671	3.0%		12,712	13,251	(4.1%)	
General Service	7,005	6,934	1.0%		13,532	13,598	(0.5%)	
Industrial	5,572	5,545	0.5%		10,634	10,623	0.1%	
Other Energy Sales	75	76	(1.3%)		151	152	(0.7%)	
Unbilled Sales	200	668	(70.8%)		(32)	690	(104.6%)	
Total Retail Sales	18,693	18,911	(1.2%)	1.0%	38,997	38,314	(3.4%)	0.4%
Wholesale and Other	2,550	1,848	38.1%		5,027	4,068	23.6%	
Total Consolidated Electric Sales - Duke Energy Carolinas	21,243	20,757	2.3%		42,024	42,382	(0.8%)	
<b>Average Number of Customers</b>								
Residential	2,176,676	2,143,608	1.5%		2,173,011	2,141,071	1.5%	
General Service	353,269	348,878	1.3%		352,521	348,103	1.3%	
Industrial	6,239	6,301	(1.0%)		6,245	6,317	(1.1%)	
Other Energy Sales	15,365	15,153	1.4%		15,331	15,143	1.2%	
Total Retail Customers	2,551,549	2,513,940	1.5%		2,547,108	2,510,634	1.5%	
Wholesale and Other	25	25	—%		25	24	4.2%	
Total Average Number of Customers - Duke Energy Carolinas	2,551,574	2,513,965	1.5%		2,547,133	2,510,658	1.5%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	6,906	5,082	35.9%		12,492	10,681	17.2%	
Nuclear	11,027	10,809	2.0%		22,063	21,802	1.2%	
Hydro	384	112	242.9%		437	837	(47.6%)	
Oil and Natural Gas	2,366	2,691	(12.1%)		5,060	5,677	(10.9%)	
Renewable Energy	41	4	925.0%		50	7	614.3%	
Total Generation (4)	20,724	18,698	10.6%		40,102	38,984	2.9%	
Purchased Power and Net Interchange (5)	1,818	3,448	(47.3%)		4,299	6,067	(29.1%)	
Total Sources of Energy	22,540	22,146	1.8%		44,401	45,051	(1.4%)	
Less: Line Loss and Other	1,297	1,389	(6.6%)		2,377	2,669	(10.9%)	
Total GWh Sources	21,243	20,757	2.3%		42,024	42,382	(0.8%)	
<b>Owned MW Capacity (3)</b>								
Summer					19,568	19,678		
Winter					20,425	20,383		
Nuclear Capacity Factor (%) (6)					96	96		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	131	200	(34.5%)		1,422	1,861	(23.6%)	
Cooling Degree Days	524	570	(8.1%)		534	589	(9.3%)	
<b>Variance from Normal</b>								
Heating Degree Days	(40.5%)	(9.5%)	n/a		(27.7%)	(6.3%)	n/a	
Cooling Degree Days	6.3%	17.3%	n/a		7.2%	19.6%	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Progress  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
June 2017

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017	2016	% Inc.(Dec)	% Inc.(Dec) Weather Normal (2)	2017	2016	% Inc.(Dec)	% Inc.(Dec) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	3,705	3,597	3.0%		8,338	8,597	(3.0%)	
General Service	3,723	3,660	1.2%		7,272	7,340	(0.9%)	
Industrial	2,502	2,547	2.2%		5,091	4,986	2.1%	
Other Energy Sales	20	22	(9.1%)		41	46	(10.9%)	
Unbilled Sales	448	345	29.9%		(52)	210	(124.8%)	
Total Retail Sales	10,498	10,191	3.0%	2.5%	20,690	21,179	(2.3%)	0.8%
Wholesale and Other	5,064	6,638	(23.7%)		10,509	12,799	(17.9%)	
Total Consolidated Electric Sales - Duke Energy Progress	15,562	16,829	(7.5%)		31,199	33,978	(8.2%)	
<b>Average Number of Customers</b>								
Residential	1,307,337	1,289,306	1.4%		1,304,901	1,287,593	1.3%	
General Service	231,713	228,717	1.3%		231,059	228,120	1.3%	
Industrial	4,132	4,137	(0.1%)		4,130	4,148	(0.4%)	
Other Energy Sales	1,456	1,542	(5.8%)		1,459	1,571	(7.1%)	
Total Retail Customers	1,544,638	1,523,702	1.4%		1,541,549	1,521,432	1.3%	
Wholesale and Other	14	15	(6.7%)		14	15	(6.7%)	
Total Average Number of Customers - Duke Energy Progress	1,544,652	1,523,717	1.4%		1,541,563	1,521,447	1.3%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	1,593	2,328	(31.6%)		3,237	4,435	(27.0%)	
Nuclear	7,131	7,800	(8.6%)		13,638	14,806	(6.6%)	
Hydro	198	125	58.4%		301	378	(20.4%)	
Oil and Natural Gas	4,878	5,623	(13.3%)		10,712	12,095	(11.4%)	
Renewable Energy	72	41	75.6%		134	91	47.3%	
Total Generation (4)	13,870	15,917	(12.9%)		28,220	31,805	(11.3%)	
Purchased Power and Net Interchange (5)	2,162	1,497	44.4%		3,966	3,262	22.2%	
Total Sources of Energy	16,032	17,414	(7.9%)		32,206	35,067	(8.2%)	
Less: Line Loss and Other	470	585	(19.7%)		1,007	1,089	(7.5%)	
Total GWh Sources	15,562	16,829	(7.5%)		31,199	33,978	(8.2%)	
<b>Owned MW Capacity (3)</b>								
Summer					12,777	12,935		
Winter					13,987	14,034		
Nuclear Capacity Factor (%) (6)					90	86		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	83	179	(53.6%)		1,286	1,593	(24.0%)	
Cooling Degree Days	647	576	12.3%		657	612	7.4%	
<b>Variance from Normal</b>								
Heating Degree Days	(55.7%)	(5.3%)	n/a		(28.7%)	(8.9%)	n/a	
Cooling Degree Days	21.1%	8.7%	n/a		20.8%	13.3%	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Florida  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
June 2017

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	4,944	4,872	1.5%		8,768	9,045	(3.1%)	
General Service	3,803	3,820	(0.4%)		7,057	7,061	(0.1%)	
Industrial	787	812	(3.1%)		1,542	1,564	(1.4%)	
Other Energy Sales	6	6	—%		12	12	—%	
Unbilled Sales	497	669	(25.7%)		653	658	(0.8%)	
Total Retail Sales	10,037	10,179	(1.4%)	0.9%	18,032	18,340	(1.7%)	1.9%
Wholesale and Other	703	487	50.5%		1,013	762	32.9%	
Total Electric Sales - Duke Energy Florida	10,740	10,666	0.9%		19,045	19,102	(0.3%)	
<b>Average Number of Customers</b>								
Residential	1,569,855	1,546,606	1.5%		1,569,947	1,544,061	1.5%	
General Service	198,307	195,356	1.5%		197,864	195,032	1.5%	
Industrial	2,148	2,182	(1.6%)		2,151	2,192	(1.9%)	
Other Energy Sales	1,518	1,536	(1.2%)		1,521	1,536	(1.0%)	
Total Retail Customers	1,771,826	1,745,680	1.5%		1,768,483	1,742,841	1.5%	
Wholesale and Other	13	15	(13.3%)		14	15	(6.7%)	
Total Average Number of Customers - Duke Energy Florida	1,771,839	1,745,695	1.5%		1,768,497	1,742,856	1.5%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	2,835	2,331	21.6%		4,952	3,782	30.9%	
Oil and Natural Gas	6,864	5,638	19.2%		12,012	11,761	2.1%	
Renewable Energy	4	—	n/a		8	—	n/a	
Total Generation (4)	9,503	7,969	19.2%		16,972	15,543	9.2%	
<b>Purchased Power and Net Interchange (5)</b>								
Total Sources of Energy	11,268	11,099	1.4%		20,021	20,182	(0.8%)	
Less: Line Losses and Other	516	453	13.9%		978	1,080	(9.6%)	
Total GWh Sources	10,740	10,646	0.9%		19,045	19,102	(0.3%)	
<b>Owned MW Capacity (3)</b>								
Summer					9,225	8,848		
Winter					10,332	9,735		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	1	—	—%		177	401	(55.9%)	
Cooling Degree Days	1,079	1,112	(3.0%)		1,352	1,311	3.1%	
<b>Variance from Normal</b>								
Heating Degree Days	(94.1%)	(100.0%)	n/a		(54.8%)	1.1%	n/a	
Cooling Degree Days	4.5%	8.0%	n/a		11.2%	7.9%	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

Duke Energy Ohio  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
June 2017

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	1,777	1,747	1.7%		4,030	4,067	(0.9%)	
General Service	2,287	2,278	(0.5%)		4,524	4,575	(1.1%)	
Industrial	1,464	1,457	0.5%		2,905	2,901	0.1%	
Other Energy Sales	27	28	(3.6%)		55	55	—%	
Unbilled Sales	132	212	(37.7%)		(69)	120	(157.5%)	
Total Retail Sales	5,687	5,722	(1.0%)	0.8%	11,445	11,718	(2.3%)	(0.2%)
Wholesale and Other	234	74	216.2%		515	185	178.4%	
Total Electric Sales - Duke Energy Ohio	5,901	5,796	1.8%		11,960	11,903	0.5%	
<b>Average Number of Customers</b>								
Residential	758,460	752,249	0.8%		758,962	752,718	0.8%	
General Service	87,787	87,543	0.3%		87,965	87,491	0.5%	
Industrial	2,499	2,517	(0.7%)		2,504	2,523	(0.8%)	
Other Energy Sales	3,302	3,254	1.5%		3,292	3,250	1.3%	
Total Retail Customers	852,048	845,563	0.8%		852,723	845,982	0.8%	
Wholesale and Other	1	1	—%		1	1	—%	
Total Average Number of Customers - Duke Energy Ohio	852,049	845,564	0.8%		852,724	845,983	0.8%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	1,023	536	90.9%		2,228	1,464	52.0%	
Oil and Natural Gas	6	10	(40.0%)		7	11	(38.4%)	
Total Generation (4)	1,029	546	88.5%		2,233	1,475	51.4%	
Purchased Power and Net Interchange (5)	5,446	5,931	(8.2%)		10,912	11,486	(5.0%)	
Total Sources of Energy	6,475	6,477	—%		13,145	12,961	1.4%	
Less: Line Loss and Other	574	681	(15.7%)		1,185	1,058	12.0%	
Total GWh Sources	5,901	5,796	1.8%		11,960	11,903	0.5%	
<b>Owned MW Capacity (3)</b>								
Summer					1,076	1,062		
Winter					1,104	1,164		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	313	475	(34.1%)		2,357	2,824	(16.5%)	
Cooling Degree Days	332	372	(10.8%)		333	372	(10.5%)	
<b>Variance from Normal</b>								
Heating Degree Days	(30.4%)	5.8%	n/a		(22.1%)	(7.2%)	n/a	
Cooling Degree Days	1.2%	14.5%	n/a		0.5%	13.3%	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

Duke Energy Indiana  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
June 2017

	Three Months Ended June 30,			Six Months Ended June 30,			% Inc.(Dec.) Weather Normal (2)	% Inc.(Dec.) Weather Normal (2)
	2017	2016	% Inc.(Dec.)	2017	2016	% Inc.(Dec.)		
<b>GWh Sales (1)</b>								
Residential	1,794	1,798	(0.2%)	4,278	4,387	(2.5%)		
General Service	1,976	1,961	0.8%	3,938	3,949	(0.3%)		
Industrial	2,571	2,660	0.4%	5,229	5,219	0.2%		
Other Energy Sales	13	13	—%	28	26	—%		
Unbilled Sales	120	214	(43.9%)	(38)	103	(136.9%)		
Total Retail Sales	6,574	6,646	(1.1%)	13,433	13,684	(1.8%)	0.6%	(0.1%)
Wholesale and Other	1,298	1,511	(7.6%)	2,747	3,867	(29.0%)		
Total Electric Sales - Duke Energy Indiana	7,972	8,157	(2.3%)	16,180	17,551	(7.8%)		
<b>Average Number of Customers</b>								
Residential	711,654	709,293	0.8%	713,510	706,281	1.0%		
General Service	101,051	100,870	0.2%	101,103	100,877	0.4%		
Industrial	2,714	2,727	(0.5%)	2,709	2,720	(0.4%)		
Other Energy Sales	1,057	1,614	2.7%	1,548	1,606	2.6%		
Total Retail Customers	817,076	811,504	0.7%	818,970	811,284	0.9%		
Wholesale and Other	5	9	(44.4%)	5	9	(44.4%)		
Total Average Number of Customers - Duke Energy Indiana	817,081	811,513	0.7%	818,975	811,293	0.9%		
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	5,900	5,491	7.4%	12,288	13,360	(8.0%)		
Hydro	45	87	(47.1%)	91	156	(41.7%)		
Oil and Natural Gas	452	822	(45.0%)	804	1,323	(39.2%)		
Renewable Energy	11	—	n/a	11	—	n/a		
Total Generation (4)	6,408	6,400	0.1%	13,195	14,839	(11.1%)		
Purchased Power and Net Interchange (5)	1,969	2,133	(7.7%)	3,468	3,198	8.4%		
Total Sources of Energy	8,378	8,533	(1.8%)	16,663	18,037	(7.6%)		
Less: Line Loss and Other	406	376	8.0%	483	486	(0.6%)		
Total GWh Sources	7,972	8,157	(2.3%)	16,180	17,551	(7.8%)		
<b>Owned MW Capacity (3)</b>								
Summer				6,741	7,143			
Winter				7,183	7,521			
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	372	522	(28.7%)	2,560	3,043	(15.2%)		
Cooling Degree Days	323	376	(14.1%)	323	376	(14.1%)		
<b>Variance from Normal</b>								
Heating Degree Days	(24.6%)	6.1%	n/a	(20.8%)	(7.0%)	n/a		
Cooling Degree Days	(2.2%)	14.6%	n/a	(3.1%)	13.4%	n/a		

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.



Gas Utilities and Infrastructure  
Quarterly Highlights  
June 2017

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	% Inc.(Dec.)	2017	2016	% Inc.(Dec.)
<b>Total Sales</b>						
Piedmont Natural Gas Local Distribution Company (LDC) throughput (dekatherms) (1) (2)	94,013,754	105,896,652	(11.2%)	227,290,541	261,343,238	(13.0%)
Duke Energy Midwest LDC throughput (Mcf)	12,204,767	12,714,127	(4.0%)	43,035,766	47,455,646	(9.3%)
<b>Average Number of Customers - Piedmont Natural Gas (1)</b>						
Residential	952,716	936,622	1.7%	953,900	938,346	1.6%
Commercial	101,138	100,211	0.9%	101,378	100,467	0.9%
Industrial	2,295	2,295	—%	2,317	2,298	0.8%
Power Generation	26	25	4.0%	26	25	4.0%
<b>Total Average Number of Gas Customers - Piedmont Natural Gas</b>	<b>1,056,175</b>	<b>1,039,153</b>	<b>1.6%</b>	<b>1,057,521</b>	<b>1,041,136</b>	<b>1.6%</b>
<b>Average Number of Customers - Duke Energy Midwest</b>						
Residential	481,716	477,813	0.8%	482,906	479,166	0.8%
Commercial	42,816	42,698	(0.2%)	44,077	44,061	—%
Industrial	1,554	1,601	(2.3%)	1,617	1,650	(2.0%)
Other	140	143	(2.1%)	140	143	(2.1%)
<b>Total Average Number of Gas Customers - Duke Energy Midwest</b>	<b>526,238</b>	<b>522,455</b>	<b>0.7%</b>	<b>528,739</b>	<b>525,020</b>	<b>0.7%</b>

(1) Sales and customer data for Piedmont Natural Gas include amounts prior to the acquisition on October 3, 2016, for comparative purposes. Duke Energy's consolidated financial results for 2018 do not include Piedmont's results of operations prior to the date of acquisition.

(2) Piedmont has a margin decoupling mechanism in North Carolina and weather normalization mechanisms in South Carolina and Tennessee that significantly eliminate the impact of throughput changes on earnings. Duke Energy Ohio's rate design also serves to offset this impact.

Commercial Renewables  
Quarterly Highlights  
June 2017

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	% Inc.(Dec.)	2017	2016	% Inc.(Dec.)
Renewable Plant Production, GWh	2,231	1,758	26.9%	4,516	3,818	18.3%
Net Proportional MW Capacity in Operation	n/a	n/a		2,908	1,978	47.0%

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 7, 2017

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**Duke Energy Corporation**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-32853**  
(Commission File Number)

**20-2777218**  
(IRS Employer  
Identification No.)

**550 South Tryon Street, Charlotte, North Carolina 28202**  
(Address of Principal Executive Offices, including Zip Code)

**(704) 382-3853**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- Emerging growth company
  - If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
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**Item 8.01. Other Events.**

On August 10, 2017, Duke Energy Corporation (the "Company") consummated the issuance and sale of the securities described below pursuant to an underwriting agreement, dated August 7, 2017 (the "Underwriting Agreement"), with Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and MUFG Securities Americas Inc., as representatives of the several underwriters named therein (the "Underwriters"), pursuant to which the Company agreed to issue and sell to the Underwriters \$500,000,000 aggregate principal amount of the Company's 2.40% Senior Notes due 2022, \$750,000,000 aggregate principal amount of the Company's 3.15% Senior Notes due 2027 and \$500,000,000 aggregate principal amount of the Company's 3.95% Senior Notes due 2047 (collectively, the "Securities"). The Securities were sold to the Underwriters at discounts to their principal amounts. The Securities were issued pursuant to an Indenture, dated as of June 3, 2008 (the "Indenture"), by and between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as amended and supplemented by various supplemental indentures thereto, including the Seventeenth Supplemental Indenture, dated as of August 10, 2017 (the "Supplemental Indenture"), between the Company and the Trustee. The disclosure in this Item 8.01 is qualified in its entirety by the provisions of the Indenture, the Supplemental Indenture, together with the forms of global notes evidencing the Securities are included therein, is filed as Exhibit 4.1 hereto, and the Underwriting Agreement, which is filed as Exhibit 99.1 hereto. Such exhibits are incorporated herein by reference. Also, in connection with the issuance and sale of the Securities, the Company is filing a legal opinion regarding the validity of the Securities as Exhibit 5.1 to this Form 8-K for the purpose of incorporating the opinion into the Company's Registration Statement on Form S-3, as amended, No. 333-213765.

**Item 9.01. Financial Statements and Exhibits.**

- |      |   |
|------|---|
| (d)  | Exhibits.   |
| 4.1  | Seventeenth Supplemental Indenture, dated as of August 10, 2017, to the indenture, dated as of June 3, 2008, between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee  |
| 5.1  | Opinion regarding validity of the Securities  |
| 23.1 | Consent (included as part of Exhibit 5.1)   |
| 99.1 | Underwriting Agreement, dated August 7, 2017, among the Company and Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and MUFG Securities Americas Inc., as representatives of the several underwriters named therein |

**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 10, 2017

**DUKE ENERGY CORPORATION**

By: /s/ Robert T. Lucas III

Name: Robert T. Lucas III

Title: Assistant Corporate Secretary

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
4.1	Seventeenth Supplemental Indenture, dated as of August 10, 2017, to the indenture, dated as of June 3, 2008, between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee
5.1	Opinion regarding validity of the Securities
23.1	Consent (included as part of Exhibit 5.1)
99.1	Underwriting Agreement, dated August 7, 2017, among the Company and Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and MUFG Securities Americas Inc., as representatives of the several underwriters named therein

Exhibit 4.1

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DUKE ENERGY CORPORATION  
TO  
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.  
Trustee

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Seventeenth Supplemental Indenture  
Dated as of August 10, 2017

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\$500,000,000 2.40% SENIOR NOTES DUE 2022  
\$750,000,000 3.15% SENIOR NOTES DUE 2027  
\$500,000,000 3.95% SENIOR NOTES DUE 2047

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Exhibit C — Form of 3.15% Senior Note Due 2027		
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Exhibit E — Form of 3.95% Senior Note Due 2047		
Exhibit F — Certificate of Authentication		

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(1) This Table of Contents does not constitute part of the Indenture or have any bearing upon the interpretation of any of its terms and provisions.

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**THIS SEVENTEENTH SUPPLEMENTAL INDENTURE** is made as of the 10<sup>th</sup> day of August, 2017, by and among **DUKE ENERGY CORPORATION**, a Delaware corporation, having its principal office at 550 South Tryon Street, Charlotte, North Carolina 28202-1803 (the "Corporation"), and **The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.)**, a national banking association, as Trustee (herein called the "Trustee").

**WITNESSETH:**

**WHEREAS**, the Corporation has heretofore entered into an Indenture, dated as of June 3, 2008 (the "Original Indenture"), with The Bank of New York Mellon Trust Company, N.A., as Trustee;

**WHEREAS**, the Original Indenture is incorporated herein by this reference and the Original Indenture, as it may be amended and supplemented to the date hereof, including by this Seventeenth Supplemental Indenture, is herein called the "Indenture";

**WHEREAS**, under the Indenture, a new series of Securities may at any time be established in accordance with the provisions of the Indenture and the terms of such series may be described by a supplemental indenture executed by the Corporation and the Trustee;

**WHEREAS**, the Corporation hereby proposes to create under the Indenture three additional series of Securities;

**WHEREAS**, additional Securities of other series hereafter established, except as may be limited in the Indenture as at the time supplemented and modified, may be issued from time to time pursuant to the Indenture as at the time supplemented and modified; and

**WHEREAS**, all conditions necessary to authorize the execution and delivery of this Seventeenth Supplemental Indenture and to make it a valid and binding obligation of the Corporation have been done or performed.

**NOW, THEREFORE**, in consideration of the agreements and obligations set forth herein and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

**ARTICLE I**

**2.40% SENIOR NOTES DUE 2022**

Section 1.01. Establishment. There is hereby established a new series of Securities to be issued under the Indenture, to be designated as the Corporation's 2.40% Senior Notes due 2022 (the "2022 Notes").

There are to be authenticated and delivered initially \$500,000,000 principal amount of the 2022 Notes, and no further 2022 Notes shall be authenticated and delivered except as provided by Section 304, 305, 306, 906 or 1106 of the Original Indenture and the last paragraph of Section 301 thereof. The 2022 Notes shall be issued in fully registered form without coupons.

The 2022 Notes shall be in substantially the form set out in Exhibit A hereto, and the form of the Trustee's Certificate of Authentication for the 2022 Notes shall be in substantially the form set forth in Exhibit B hereto.



Each 2022 Note shall be dated the date of authentication thereof and shall bear interest from the date of original issuance thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for.

Section 1.02. Definitions. The following defined terms used in this Article I shall, unless the context otherwise requires, have the meanings specified below for purposes of the 2022 Notes. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Original Indenture.

“Business Day” means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business.

“Interest Payment Date” means each February 15 and August 15 of each year, commencing on February 15, 2018.

“Legal Holiday” means any day that is a legal holiday in New York, New York.

“Original Issue Date” means August 10, 2017.

“Regular Record Date” means, with respect to each Interest Payment Date, the close of business on the 15th calendar day prior to such Interest Payment Date (whether or not a Business Day).

“Stated Maturity” means August 15, 2022.

Section 1.03. Payment of Principal and Interest. The principal of the 2022 Notes shall be due at Stated Maturity (unless earlier redeemed). The unpaid principal amount of the 2022 Notes shall bear interest at the rate of 2.40% per annum until paid or duly provided for, such interest to accrue from August 10, 2017 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. Interest shall be paid semi-annually in arrears on each Interest Payment Date to the Person or Persons in whose name the 2022 Notes are registered on the Regular Record Date for such Interest Payment Date; *provided* that interest payable at the Stated Maturity or on a Redemption Date as provided herein shall be paid to the Person to whom principal is payable. Any such interest that is not so punctually paid or duly provided for shall forthwith cease to be payable to the Holders on such Regular Record Date and may either be paid to the Person or Persons in whose name the 2022 Notes are registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee (“Special Record Date”), notice whereof shall be given to Holders of the 2022 Notes not less than ten (10) days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the 2022 Notes may be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Original Indenture.

Payments of interest on the 2022 Notes shall include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for the 2022 Notes shall be computed and paid on the basis of a 360-day year consisting of twelve 30-day months. In the event that any date on which interest is payable on the 2022 Notes is not a Business Day, then payment of the interest payable on such date shall be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable.

Payment of principal of, premium, if any, and interest on the 2022 Notes shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal of, premium, if any, and interest on 2022 Notes represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the 2022 Notes are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such 2022 Notes shall be made at the office of the Paying Agent upon surrender of such 2022 Notes to the Paying Agent and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

Section 1.04. Denominations. The 2022 Notes shall be issued in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof.

Section 1.05. Global Securities. The 2022 Notes shall initially be issued in the form of one or more Global Securities registered in the name of the Depository (which initially shall be The Depository Trust Company) or its nominee. Except under the limited circumstances described below, 2022 Notes represented by such Global Security or Global Securities shall not be exchangeable for, and shall not otherwise be issuable as, 2022 Notes in definitive form. The Global Securities described in this Article I may not be transferred except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or to a successor Depository or its nominee.

A Global Security representing the 2022 Notes shall be exchangeable for 2022 Notes registered in the names of persons other than the Depository or its nominee only if (i) the Depository notifies the Corporation that it is unwilling or unable to continue as a Depository for such Global Security and no successor Depository shall have been appointed by the Corporation within 90 days of receipt by the Corporation of such notification, or if at any time the Depository ceases to be a clearing agency registered under the Exchange Act at a time when the Depository is required to be so registered to act as such Depository and no successor Depository shall have been appointed by the Corporation within 90 days after it becomes aware of such cessation, (ii) an Event of Default has occurred and is continuing with respect to the 2022 Notes and beneficial owners of a majority in aggregate principal amount of the 2022 Notes represented by Global Securities advise the Depository to cease acting as Depository, or (iii) the Corporation in its sole discretion, and subject to the procedures of the Depository, determines that such Global Security shall be so exchangeable. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for 2022 Notes registered in such names as the Depository shall direct.

Section 1.06. Redemption. At any time before July 15, 2022 (the "2022 Par Call Date"), the 2022 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the 2022 Notes being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the 2022 Notes matured on the 2022 Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 10 basis points, plus, in either case, accrued and unpaid interest on the principal amount of the 2022 Notes being redeemed to, but excluding, such Redemption Date.

At any time on or after the 2022 Par Call Date, the 2022 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the 2022 Notes being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the first paragraph of this Section 1.06, the following terms have the following meanings:

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the 2022 Notes to be redeemed (assuming, for this purpose, that the 2022 Notes matured on the 2022 Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2022 Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date for the 2022 Notes, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

“Quotation Agent” means a Reference Treasury Dealer appointed by the Corporation.

“Reference Treasury Dealer” means each of Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and a Primary Treasury Dealer (as defined below) selected by MUFG Securities Americas Inc., or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the 2022 Notes, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the 2022 Notes, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the 2022 Notes occurring before the 2022 Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

If less than all of the 2022 Notes are to be redeemed, the Trustee shall select the 2022 Notes or portions of 2022 Notes to be redeemed by such method as the Trustee shall deem fair and appropriate. The Trustee may select for redemption 2022 Notes and portions of 2022 Notes in amounts of \$2,000 or

any integral multiple of \$1,000 in excess thereof. As long as the 2022 Notes are represented by Global Securities, beneficial interests in such Notes shall be selected for redemption by the Depository in accordance with its standard procedures therefor.

The 2022 Notes shall not have a sinking fund.

Section 1.07. Paying Agent. The Trustee shall initially serve as Paying Agent with respect to the 2022 Notes, with the Place of Payment initially being the Corporate Trust Office.

## ARTICLE II

### 3.15% SENIOR NOTES DUE 2027

Section 2.01. Establishment. There is hereby established a new series of Securities to be issued under the Indenture, to be designated as the Corporation's 3.15% Senior Notes due 2027 (the "2027 Notes").

There are to be authenticated and delivered initially \$750,000,000 principal amount of the 2027 Notes, and no further 2027 Notes shall be authenticated and delivered except as provided by Section 304, 305, 306, 906 or 1106 of the Original Indenture and the last paragraph of Section 301 thereof. The 2027 Notes shall be issued in fully registered form without coupons.

The 2027 Notes shall be in substantially the form set out in Exhibit C hereto, and the form of the Trustee's Certificate of Authentication for the 2027 Notes shall be in substantially the form set forth in Exhibit D hereto.

Each 2027 Note shall be dated the date of authentication thereof and shall bear interest from the date of original issuance thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for.

Section 2.02. Definitions. The following defined terms used in this Article II shall, unless the context otherwise requires, have the meanings specified below for purposes of the 2027 Notes. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Original Indenture.

"Business Day" means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business.

"Interest Payment Date" means each February 15 and August 15 of each year, commencing on February 15, 2018.

"Legal Holiday" means any day that is a legal holiday in New York, New York.

"Original Issue Date" means August 10, 2017.

"Regular Record Date" means, with respect to each Interest Payment Date, the close of business on the 15th calendar day prior to such Interest Payment Date (whether or not a Business Day).

"Stated Maturity" means August 15, 2027.

Section 2.03. Payment of Principal and Interest. The principal of the 2027 Notes shall be due at Stated Maturity (unless earlier redeemed). The unpaid principal amount of the 2027 Notes shall bear interest at the rate of 3.15% per annum until paid or duly provided for, such interest to accrue from August 10, 2017 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. Interest shall be paid semi-annually in arrears on each Interest Payment Date to the Person or Persons in whose name the 2027 Notes are registered on the Regular Record Date for such Interest Payment Date; *provided* that interest payable at the Stated Maturity or on a Redemption Date as provided herein shall be paid to the Person to whom principal is payable. Any such interest that is not so punctually paid or duly provided for shall forthwith cease to be payable to the Holders on such Regular Record Date and may either be paid to the Person or Persons in whose name the 2027 Notes are registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee ("Special Record Date"), notice whereof shall be given to Holders of the 2027 Notes not less than ten (10) days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the 2027 Notes may be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Original Indenture.

Payments of interest on the 2027 Notes shall include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for the 2027 Notes shall be computed and paid on the basis of a 360-day year consisting of twelve 30-day months. In the event that any date on which interest is payable on the 2027 Notes is not a Business Day, then payment of the interest payable on such date shall be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable.

Payment of principal of, premium, if any, and interest on the 2027 Notes shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal of, premium, if any, and interest on 2027 Notes represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the 2027 Notes are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such 2027 Notes shall be made at the office of the Paying Agent upon surrender of such 2027 Notes to the Paying Agent and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

Section 2.04. Denominations. The 2027 Notes shall be issued in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof.

Section 2.05. Global Securities. The 2027 Notes shall initially be issued in the form of one or more Global Securities registered in the name of the Depository (which initially shall be The Depository Trust Company) or its nominee. Except under the limited circumstances described below, 2027 Notes represented by such Global Security or Global Securities shall not be exchangeable for, and shall not otherwise be issuable as, 2027 Notes in definitive form. The Global Securities described in this Article II may not be transferred except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or to a successor Depository or its nominee.

A Global Security representing the 2027 Notes shall be exchangeable for 2027 Notes registered in the names of persons other than the Depository or its nominee only if (i) the Depository notifies the Corporation that it is unwilling or unable to continue as a Depository for such Global Security and no successor Depository shall have been appointed by the Corporation within 90 days of receipt by the Corporation of such notification, or if at any time the Depository ceases to be a clearing agency registered under the Exchange Act at a time when the Depository is required to be so registered to act as such Depository and no successor Depository shall have been appointed by the Corporation within 90 days after it becomes aware of such cessation, (ii) an Event of Default has occurred and is continuing with respect to the 2027 Notes and beneficial owners of a majority in aggregate principal amount of the 2027 Notes represented by Global Securities advise the Depository to cease acting as Depository, or (iii) the Corporation in its sole discretion, and subject to the procedures of the Depository, determines that such Global Security shall be so exchangeable. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for 2027 Notes registered in such names as the Depository shall direct.

Section 2.06. **Redemption.** At any time before May 15, 2027 (the "2027 Par Call Date"), the 2027 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the 2027 Notes being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the 2027 Notes matured on the 2027 Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points, plus, in either case, accrued and unpaid interest on the principal amount of the 2027 Notes being redeemed to, but excluding, such Redemption Date.

At any time on or after the 2027 Par Call Date, the 2027 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the 2027 Notes being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the first paragraph of this Section 2.06, the following terms have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the 2027 Notes to be redeemed (assuming, for this purpose, that the 2027 Notes matured on the 2027 Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2027 Notes.

"Comparable Treasury Price" means, with respect to any Redemption Date for the 2027 Notes, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

"Quotation Agent" means a Reference Treasury Dealer appointed by the Corporation.

"Reference Treasury Dealer" means each of Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and a Primary Treasury Dealer (as defined below) selected by MUFG Securities Americas Inc., or their respective

affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a "Primary Treasury Dealer"); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date for the 2027 Notes, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

"Treasury Rate" means, with respect to any Redemption Date for the 2027 Notes, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the 2027 Notes occurring before the 2027 Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

If less than all of the 2027 Notes are to be redeemed, the Trustee shall select the 2027 Notes or portions of 2027 Notes to be redeemed by such method as the Trustee shall deem fair and appropriate. The Trustee may select for redemption 2027 Notes and portions of 2027 Notes in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the 2027 Notes are represented by Global Securities, beneficial interests in such Notes shall be selected for redemption by the Depository in accordance with its standard procedures therefor.

The 2027 Notes shall not have a sinking fund.

Section 2.07. Paying Agent. The Trustee shall initially serve as Paying Agent with respect to the 2027 Notes, with the Place of Payment initially being the Corporate Trust Office.

### ARTICLE III

#### 3.95% SENIOR NOTES DUE 2047

Section 3.01. Establishment. There is hereby established a new series of Securities to be issued under the Indenture, to be designated as the Corporation's 3.95% Senior Notes due 2047 (the "2047 Notes").

There are to be authenticated and delivered initially \$500,000,000 principal amount of the 2047 Notes, and no further 2047 Notes shall be authenticated and delivered except as provided by Section 304, 305, 306, 906 or 1106 of the Original Indenture and the last paragraph of Section 301 thereof. The 2047 Notes shall be issued in fully registered form without coupons.

The 2047 Notes shall be in substantially the form set out in Exhibit E hereto, and the form of the Trustee's Certificate of Authentication for the 2047 Notes shall be in substantially the form set forth in Exhibit F hereto.

Each 2047 Note shall be dated the date of authentication thereof and shall bear interest from the date of original issuance thereof or from the most recent Interest Payment Date to which interest has been paid or duly provided for.

Section 3.02. Definitions. The following defined terms used in this Article III shall, unless the context otherwise requires, have the meanings specified below for purposes of the 2047 Notes. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Original Indenture.

“Business Day” means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business.

“Interest Payment Date” means each February 15 and August 15 of each year, commencing on February 15, 2018.

“Legal Holiday” means any day that is a legal holiday in New York, New York.

“Original Issue Date” means August 10, 2017.

“Regular Record Date” means, with respect to each Interest Payment Date, the close of business on the 15th calendar day prior to such Interest Payment Date (whether or not a Business Day).

“Stated Maturity” means August 15, 2047.

Section 3.03. Payment of Principal and Interest. The principal of the 2047 Notes shall be due at Stated Maturity (unless earlier redeemed). The unpaid principal amount of the 2047 Notes shall bear interest at the rate of 3.95% per annum until paid or duly provided for, such interest to accrue from August 10, 2017 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. Interest shall be paid semi-annually in arrears on each Interest Payment Date to the Person or Persons in whose name the 2047 Notes are registered on the Regular Record Date for such Interest Payment Date; *provided* that interest payable at the Stated Maturity or on a Redemption Date as provided herein shall be paid to the Person to whom principal is payable. Any such interest that is not so punctually paid or duly provided for shall forthwith cease to be payable to the Holders on such Regular Record Date and may either be paid to the Person or Persons in whose name the 2047 Notes are registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee (“Special Record Date”), notice whereof shall be given to Holders of the 2047 Notes not less than ten (10) days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the 2047 Notes may be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Original Indenture.

Payments of interest on the 2047 Notes shall include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for the 2047 Notes shall be computed and paid on the basis of a 360-day year consisting of twelve 30-day months. In the event that any date on which interest is payable on the 2047 Notes is not a Business Day, then payment of the interest payable on such date shall be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable.



Payment of principal of, premium, if any, and interest on the 2047 Notes shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal of, premium, if any, and interest on 2047 Notes represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the 2047 Notes are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such 2047 Notes shall be made at the office of the Paying Agent upon surrender of such 2047 Notes to the Paying Agent and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

Section 3.04. Denominations. The 2047 Notes shall be issued in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof.

Section 3.05. Global Securities. The 2047 Notes shall initially be issued in the form of one or more Global Securities registered in the name of the Depository (which initially shall be The Depository Trust Company) or its nominee. Except under the limited circumstances described below, 2047 Notes represented by such Global Security or Global Securities shall not be exchangeable for, and shall not otherwise be issuable as, 2047 Notes in definitive form. The Global Securities described in this Article III may not be transferred except by the Depository to a nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or to a successor Depository or its nominee.

A Global Security representing the 2047 Notes shall be exchangeable for 2047 Notes registered in the names of persons other than the Depository or its nominee only if (i) the Depository notifies the Corporation that it is unwilling or unable to continue as a Depository for such Global Security and no successor Depository shall have been appointed by the Corporation within 90 days of receipt by the Corporation of such notification, or if at any time the Depository ceases to be a clearing agency registered under the Exchange Act at a time when the Depository is required to be so registered to act as such Depository and no successor Depository shall have been appointed by the Corporation within 90 days after it becomes aware of such cessation, (ii) an Event of Default has occurred and is continuing with respect to the 2047 Notes and beneficial owners of a majority in aggregate principal amount of the 2047 Notes represented by Global Securities advise the Depository to cease acting as Depository, or (iii) the Corporation in its sole discretion, and subject to the procedures of the Depository, determines that such Global Security shall be so exchangeable. Any Global Security that is exchangeable pursuant to the preceding sentence shall be exchangeable for 2047 Notes registered in such names as the Depository shall direct.

Section 3.06. Redemption. At any time before February 15, 2047 (the "2047 Par Call Date"), the 2047 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the 2047 Notes being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if the 2047 Notes matured on the 2047 Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points, plus, in either case, accrued and unpaid interest on the principal amount of the 2047 Notes being redeemed to, but excluding, such Redemption Date.

At any time on or after the 2047 Par Call Date, the 2047 Notes shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the 2047 Notes being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the first paragraph of this Section 3.06, the following terms have the following meanings:

“Comparable Treasury Issue” means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the 2047 Notes to be redeemed (assuming, for this purpose, that the 2047 Notes matured on the 2047 Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such 2047 Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date for the 2047 Notes, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

“Quotation Agent” means a Reference Treasury Dealer appointed by the Corporation.

“Reference Treasury Dealer” means each of Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and a Primary Treasury Dealer (as defined below) selected by MUFG Securities Americas Inc., or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the 2047 Notes, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the 2047 Notes, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the 2047 Notes occurring before the 2047 Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

If less than all of the 2047 Notes are to be redeemed, the Trustee shall select the 2047 Notes or portions of 2047 Notes to be redeemed by such method as the Trustee shall deem fair and appropriate. The Trustee may select for redemption 2047 Notes and portions of 2047 Notes in amounts of \$2,000 or

any integral multiple of \$1,000 in excess thereof. As long as the 2047 Notes are represented by Global Securities, beneficial interests in such Notes shall be selected for redemption by the Depository in accordance with its standard procedures therefor.

The 2047 Notes shall not have a sinking fund.

Section 3.07. Paying Agent. The Trustee shall initially serve as Paying Agent with respect to the 2047 Notes, with the Place of Payment initially being the Corporate Trust Office.

#### ARTICLE IV

##### MISCELLANEOUS PROVISIONS

Section 4.01. Recitals by the Corporation. The recitals in this Seventeenth Supplemental Indenture are made by the Corporation only and not by the Trustee, and all of the provisions contained in the Original Indenture in respect of the rights, privileges, immunities, powers and duties of the Trustee shall be applicable in respect of the 2022 Notes, the 2027 Notes, the 2047 Notes and this Seventeenth Supplemental Indenture as fully and with like effect as if set forth herein in full.

Section 4.02. Ratification and Incorporation of Original Indenture. As supplemented hereby, the Original Indenture is in all respects ratified and confirmed, and the Original Indenture and this Seventeenth Supplemental Indenture shall be read, taken and construed as one and the same instrument.

Section 4.03. Executed in Counterparts. This Seventeenth Supplemental Indenture may be executed in several counterparts, each of which shall be deemed to be an original, and such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, each party hereto has caused this instrument to be signed in its name and behalf by its duly authorized officer, all as of the day and year first above written.

Duke Energy Corporation

By: /s/ John L. Sullivan  
Name: John L. Sullivan, III  
Title: Assistant Treasurer

The Bank of New York Mellon Trust Company, N.A., as Trustee

By: /s/ Karen Yu  
Name: Karen Yu  
Title: Vice President

*[Signature Page to Seventeenth Supplemental Indenture]*

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EXHIBIT A  
FORM OF  
2.40% SENIOR NOTE DUE 2022

No.

CUSIP No. 26441C AW5

DUKE ENERGY CORPORATION  
2.40% SENIOR NOTE DUE 2022

Principal Amount: \$

Regular Record Date: Close of business on the 15th calendar day prior to the relevant Interest Payment Date (whether or not a Business Day)

Original Issue Date: August 10, 2017

Stated Maturity: August 15, 2022

Interest Payment Dates: Semi-annually on February 15 and August 15 of each year, commencing on February 15, 2018

Interest Rate: 2.40% per annum

Authorized Denomination: \$2,000 or any integral multiple of \$1,000 in excess thereof

Duke Energy Corporation, a Delaware corporation (the "Corporation", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of DOLLARS (\$) on the Stated Maturity shown above and to pay interest thereon from the Original Issue Date shown above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on each Interest Payment Date as specified above, commencing on February 15, 2018 and on the Stated Maturity at the rate per annum shown above until the principal hereof is paid or made available for payment and at such rate on any overdue principal and on any overdue installment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date (other than an Interest Payment Date that is the Stated Maturity or a Redemption Date) will, as provided in the Indenture, be paid to the Person in whose name this 2.40% Senior Note due 2022 (this "Security") is registered on the Regular Record Date as specified above next preceding such Interest Payment Date; *provided* that any interest payable at Stated Maturity or on a Redemption Date will be paid to the Person to whom principal is payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the Securities shall be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Indenture.

Payments of interest on this Security will include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for this Security shall be computed and paid on the basis of a

360-day year consisting of twelve 30-day months and will accrue from August 10, 2017 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. In the event that any date on which interest is payable on this Security is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. "Business Day" means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business. "Legal Holiday" means any day that is a legal holiday in New York, New York.

Payment of principal of, premium, if any, and interest on the Securities of this series shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal of, premium, if any, and interest on the Securities of this series represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the Securities of this series are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such Securities shall be made at the office of the Paying Agent upon surrender of such Securities to the Paying Agent, and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

At any time before July 15, 2022 (the "Par Call Date"), the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the Securities of this series being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if this Security matured on the Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 10 basis points, plus, in either case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

At any time on or after the Par Call Date, the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the second preceding paragraph, the following terms have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the Securities of this series to be redeemed (assuming, for this purpose, that this Security matured on the Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities of this series.

“Comparable Treasury Price” means, with respect to any Redemption Date for the Securities of this series, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

“Quotation Agent” means a Reference Treasury Dealer appointed by the Corporation.

“Reference Treasury Dealer” means each of Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and a Primary Treasury Dealer (as defined below) selected by MUFG Securities Americas Inc., or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the Securities of this series, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the Securities of this series, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the Securities of this series occurring before the Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

Notice of any redemption by the Corporation will be mailed (or, as long as the Securities of this series are represented by one or more Global Securities, transmitted in accordance with the Depository’s standard procedures therefor) at least 10 days but not more than 60 days before any Redemption Date to each Holder of Securities of this series to be redeemed. If Notice of a redemption is provided and funds are deposited as required, interest will cease to accrue on and after the Redemption Date on the Securities of this series or portions of Securities of this series called for redemption. In the event that any Redemption Date is not a Business Day, the Corporation will pay the redemption price on the next Business Day without any interest or other payment in respect of any such delay. If less than all the Securities of this series are to be redeemed at the option of the Corporation, the Trustee shall select, in such manner as it shall deem fair and appropriate, the Securities of this series to be redeemed in whole or in part. The Trustee may select for redemption Securities of this series and portions of the Securities of this series in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the Securities of this series are represented by Global Securities, beneficial interests in such Securities shall be selected for redemption by the Depository in accordance with its standard procedures therefor.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the surrender hereof.

The Securities of this series shall not have a sinking fund.

The Securities of this series shall constitute the direct unsecured and unsubordinated debt obligations of the Corporation and shall rank equally in priority with the Corporation's existing and future unsecured and unsubordinated indebtedness.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.



IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed.

Duke Energy Corporation

By:

Name: \_\_\_\_\_

Title:

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CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Signatory

(Reverse Side of Security)

This 2.40% Senior Note due 2022 is one of a duly authorized issue of Securities of the Corporation (the "Securities"), issued and issuable in one or more series under an Indenture, dated as of June 3, 2008, as supplemented (the "Indenture"), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as Trustee (the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitation of rights, duties and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities issued thereunder and of the terms upon which said Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof as 2.40% Senior Notes due 2022 initially in the aggregate principal amount of \$500,000,000. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Indenture.

If an Event of Default with respect to the Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders of the Securities of all series affected under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of all series affected thereby (voting as one class). The Indenture contains provisions permitting the Holders of not less than a majority in principal amount of the Outstanding Securities of all series with respect to which a default under the Indenture shall have occurred and be continuing (voting as one class), on behalf of the Holders of the Securities of all such series, to waive, with certain exceptions, such default under the Indenture and its consequences. The Indenture also permits the Holders of not less than a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Corporation with certain provisions of the Indenture affecting such series. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Corporation for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar and duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series, of authorized denominations and of like tenor and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such registration of transfer or exchange, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of the Securities of this series and for covenant defeasance at any time of certain covenants in the Indenture upon compliance with certain conditions set forth in the Indenture.

Prior to due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities of this series are issuable only in registered form without coupons in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to the limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same upon surrender of the Security or Securities to be exchanged at the office or agency of the Corporation.

This Security shall be governed by, and construed in accordance with, the laws of the State of New York.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM --- as tenants in common	UNIF GIFT MIN ACT -	_____ Custodian _____ (Cust) (Minor)
TEN ENT — as tenants by the entireties		
JT TEN — as joint tenants with rights of survivorship and not as tenants in common		under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not on the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s) and transfer(s) unto (please insert Social Security or other identifying number of assignee)

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ agent to transfer said Security on the books of the Corporation, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular without alteration or enlargement, or any change whatever.

Signature Guarantee: \_\_\_\_\_

SIGNATURE GUARANTEE

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company, N.A., as Trustee

By:

\_\_\_\_\_  
Authorized Signatory

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EXHIBIT C  
FORM OF  
3.15% SENIOR NOTE DUE 2027

No.

CUSIP No. 26441C AX3

DUKE ENERGY CORPORATION  
3.15% SENIOR NOTE DUE 2027

Principal Amount: \$

Regular Record Date: Close of business on the 15th calendar day prior to the relevant Interest Payment Date (whether or not a Business Day)

Original Issue Date: August 10, 2017

Stated Maturity: August 15, 2027

Interest Payment Dates: Semi-annually on February 15 and August 15 of each year, commencing on February 15, 2018

Interest Rate: 3.15% per annum

Authorized Denomination: \$2,000 or any integral multiple of \$1,000 in excess thereof

Duke Energy Corporation, a Delaware corporation (the "Corporation", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ DOLLARS (\$) on the Stated Maturity shown above and to pay interest thereon from the Original Issue Date shown above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on each Interest Payment Date as specified above, commencing on February 15, 2018 and on the Stated Maturity at the rate per annum shown above until the principal hereof is paid or made available for payment and at such rate on any overdue principal and on any overdue installment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date (other than an Interest Payment Date that is the Stated Maturity or a Redemption Date) will, as provided in the Indenture, be paid to the Person in whose name this 3.15% Senior Note due 2027 (this "Security") is registered on the Regular Record Date as specified above next preceding such Interest Payment Date; *provided* that any interest payable at Stated Maturity or on a Redemption Date will be paid to the Person to whom principal is payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the Securities shall be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Indenture.

Payments of interest on this Security will include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for this Security shall be computed and paid on the basis of a



360-day year consisting of twelve 30-day months and will accrue from August 10, 2017 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. In the event that any date on which interest is payable on this Security is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. "Business Day" means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business. "Legal Holiday" means any day that is a legal holiday in New York, New York.

Payment of principal of, premium, if any, and interest on the Securities of this series shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal of, premium, if any, and interest on the Securities of this series represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the Securities of this series are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such Securities shall be made at the office of the Paying Agent upon surrender of such Securities to the Paying Agent, and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

At any time before May 15, 2027 (the "Par Call Date"), the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the Securities of this series being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if this Security matured on the Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points, plus, in either case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

At any time on or after the Par Call Date, the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the second preceding paragraph, the following terms have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the Securities of this series to be redeemed (assuming, for this purpose, that this Security matured on the Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities of this series.

“Comparable Treasury Price” means, with respect to any Redemption Date for the Securities of this series, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

“Quotation Agent” means a Reference Treasury Dealer appointed by the Corporation.

“Reference Treasury Dealer” means each of Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and a Primary Treasury Dealer (as defined below) selected by MUFG Securities Americas Inc., or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the Securities of this series, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the Securities of this series, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the Securities of this series occurring before the Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

Notice of any redemption by the Corporation will be mailed (or, as long as the Securities of this series are represented by one or more Global Securities, transmitted in accordance with the Depositary’s standard procedures therefor) at least 10 days but not more than 60 days before any Redemption Date to each Holder of Securities of this series to be redeemed. If Notice of a redemption is provided and funds are deposited as required, interest will cease to accrue on and after the Redemption Date on the Securities of this series or portions of Securities of this series called for redemption. In the event that any Redemption Date is not a Business Day, the Corporation will pay the redemption price on the next Business Day without any interest or other payment in respect of any such delay. If less than all the Securities of this series are to be redeemed at the option of the Corporation, the Trustee shall select, in such manner as it shall deem fair and appropriate, the Securities of this series to be redeemed in whole or in part. The Trustee may select for redemption Securities of this series and portions of the Securities of this series in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the Securities of this series are represented by Global Securities, beneficial interests in such Securities shall be selected for redemption by the Depositary in accordance with its standard procedures therefor.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the surrender hereof.

The Securities of this series shall not have a sinking fund.

The Securities of this series shall constitute the direct unsecured and unsubordinated debt obligations of the Corporation and shall rank equally in priority with the Corporation's existing and future unsecured and unsubordinated indebtedness.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed.

Duke Energy Corporation  
By: \_\_\_\_\_  
Name:  
Title:

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CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Signatory

(Reverse Side of Security)

This 3.15% Senior Note due 2027 is one of a duly authorized issue of Securities of the Corporation (the "Securities"), issued and issuable in one or more series under an Indenture, dated as of June 3, 2008, as supplemented (the "Indenture"), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as Trustee (the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitation of rights, duties and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities issued thereunder and of the terms upon which said Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof as 3.15% Senior Notes due 2027 initially in the aggregate principal amount of \$750,000,000. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Indenture.

If an Event of Default with respect to the Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders of the Securities of all series affected under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of all series affected thereby (voting as one class). The Indenture contains provisions permitting the Holders of not less than a majority in principal amount of the Outstanding Securities of all series with respect to which a default under the Indenture shall have occurred and be continuing (voting as one class), on behalf of the Holders of the Securities of all such series, to waive, with certain exceptions, such default under the Indenture and its consequences. The Indenture also permits the Holders of not less than a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Corporation with certain provisions of the Indenture affecting such series. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Corporation for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar and duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series, of authorized denominations and of like tenor and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such registration of transfer or exchange, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of the Securities of this series and for covenant defeasance at any time of certain covenants in the Indenture upon compliance with certain conditions set forth in the Indenture.

Prior to due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities of this series are issuable only in registered form without coupons in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to the limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same upon surrender of the Security or Securities to be exchanged at the office or agency of the Corporation.

This Security shall be governed by, and construed in accordance with, the laws of the State of New York.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common	UNIF GIFT MIN ACT -	_____ Custodian _____
		(Cust) (Minor)
TEN ENT — as tenants by the entireties		
JT TEN — as joint tenants with rights of survivorship and not as tenants in common		under Uniform Gifts to Minors Act
		_____
		(State)

Additional abbreviations may also be used though not on the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s) and transfer(s) unto (please insert Social Security or other identifying number of assignee)

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ agent to transfer said Security on the books of the Corporation, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular without alteration or enlargement, or any change whatever.

Signature Guarantee: \_\_\_\_\_



SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT D

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company, N.A., as Trustee

By:

\_\_\_\_\_  
Authorized Signatory

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EXHIBIT E  
FORM OF  
3.95% SENIOR NOTE DUE 2047

No.

CUSIP No. 26441C AY1

DUKE ENERGY CORPORATION  
3.95% SENIOR NOTE DUE 2047

Principal Amount: \$

Regular Record Date: Close of business on the 15th calendar day prior to the relevant Interest Payment Date (whether or not a Business Day)

Original Issue Date: August 10, 2017

Stated Maturity: August 15, 2047

Interest Payment Dates: Semi-annually on February 15 and August 15 of each year, commencing on February 15, 2018

Interest Rate: 3.95% per annum

Authorized Denomination: \$2,000 or any integral multiple of \$1,000 in excess thereof

Duke Energy Corporation, a Delaware corporation (the "Corporation", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to \_\_\_\_\_, or registered assigns, the principal sum of \_\_\_\_\_ DOLLARS (\$) on the Stated Maturity shown above and to pay interest thereon from the Original Issue Date shown above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on each Interest Payment Date as specified above, commencing on February 15, 2018 and on the Stated Maturity at the rate per annum shown above until the principal hereof is paid or made available for payment and at such rate on any overdue principal and on any overdue installment of interest. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date (other than an Interest Payment Date that is the Stated Maturity or a Redemption Date) will, as provided in the Indenture, be paid to the Person in whose name this 3.95% Senior Note due 2047 (this "Security") is registered on the Regular Record Date as specified above next preceding such Interest Payment Date; *provided* that any interest payable at Stated Maturity or on a Redemption Date will be paid to the Person to whom principal is payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange, if any, on which the Securities shall be listed, and upon such notice as may be required by any such exchange, all as more fully provided in the Indenture.

Payments of interest on this Security will include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for this Security shall be computed and paid on the basis of a

360-day year consisting of twelve 30-day months and will accrue from August 10, 2017 or from the most recent Interest Payment Date to which interest has been paid or duly provided for. In the event that any date on which interest is payable on this Security is not a Business Day, then payment of the interest payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or payment in respect of any such delay) with the same force and effect as if made on the date the payment was originally payable. "Business Day" means any day other than a Saturday or Sunday that is neither a Legal Holiday nor a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close, or a day on which the Corporate Trust Office is closed for business. "Legal Holiday" means any day that is a legal holiday in New York, New York.

Payment of principal of, premium, if any, and interest on the Securities of this series shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Payments of principal of, premium, if any, and interest on the Securities of this series represented by a Global Security shall be made by wire transfer of immediately available funds to the Holder of such Global Security, provided that, in the case of payments of principal and premium, if any, such Global Security is first surrendered to the Paying Agent. If any of the Securities of this series are no longer represented by a Global Security, (i) payments of principal, premium, if any, and interest due at the Stated Maturity or earlier redemption of such Securities shall be made at the office of the Paying Agent upon surrender of such Securities to the Paying Agent, and (ii) payments of interest shall be made, at the option of the Corporation, subject to such surrender where applicable, by (A) check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (B) wire transfer at such place and to such account at a banking institution in the United States as may be designated in writing to the Trustee at least sixteen (16) days prior to the date for payment by the Person entitled thereto.

At any time before February 15, 2047 (the "Par Call Date"), the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, on any date (a "Redemption Date"), at a redemption price equal to the greater of (i) 100% of the principal amount of the Securities of this series being redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon that would be due if this Security matured on the Par Call Date (exclusive of interest accrued to such Redemption Date) discounted to such Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points, plus, in either case, accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

At any time on or after the Par Call Date, the Securities of this series shall be redeemable, in whole or in part and from time to time, at the option of the Corporation, at a redemption price equal to 100% of the principal amount of the Securities of this series being redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, such Redemption Date.

For purposes of the second preceding paragraph, the following terms have the following meanings:

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having an actual or interpolated maturity comparable to the remaining term of the Securities of this series to be redeemed (assuming, for this purpose, that this Security matured on the Par Call Date), that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Securities of this series.

“Comparable Treasury Price” means, with respect to any Redemption Date for the Securities of this series, (1) the average of the Reference Treasury Dealer Quotations for such Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if fewer than four of such Reference Treasury Dealer Quotations are obtained, the average of all such Reference Treasury Dealer Quotations as determined by the Corporation.

“Quotation Agent” means a Reference Treasury Dealer appointed by the Corporation.

“Reference Treasury Dealer” means each of Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and a Primary Treasury Dealer (as defined below) selected by MUFG Securities Americas Inc., or their respective affiliates or successors, each of which is a primary U.S. Government securities dealer in the United States (a “Primary Treasury Dealer”); provided, however, that if any of the foregoing or their affiliates or successors shall cease to be a Primary Treasury Dealer, the Corporation will substitute therefor another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any Redemption Date for the Securities of this series, the average, as determined by the Quotation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Quotation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

“Treasury Rate” means, with respect to any Redemption Date for the Securities of this series, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate shall be calculated by the Corporation on the third Business Day preceding the Redemption Date.

The Corporation shall notify the Trustee of the redemption price with respect to any redemption of the Securities of this series occurring before the Par Call Date promptly after the calculation thereof. The Trustee shall not be responsible for calculating said redemption price.

Notice of any redemption by the Corporation will be mailed (or, as long as the Securities of this series are represented by one or more Global Securities, transmitted in accordance with the Depository’s standard procedures therefor) at least 10 days but not more than 60 days before any Redemption Date to each Holder of Securities of this series to be redeemed. If Notice of a redemption is provided and funds are deposited as required, interest will cease to accrue on and after the Redemption Date on the Securities of this series or portions of Securities of this series called for redemption. In the event that any Redemption Date is not a Business Day, the Corporation will pay the redemption price on the next Business Day without any interest or other payment in respect of any such delay. If less than all the Securities of this series are to be redeemed at the option of the Corporation, the Trustee shall select, in such manner as it shall deem fair and appropriate, the Securities of this series to be redeemed in whole or in part. The Trustee may select for redemption Securities of this series and portions of the Securities of this series in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the Securities of this series are represented by Global Securities, beneficial interests in such Securities shall be selected for redemption by the Depository in accordance with its standard procedures therefor.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the surrender hereof.

The Securities of this series shall not have a sinking fund.

The Securities of this series shall constitute the direct unsecured and unsubordinated debt obligations of the Corporation and shall rank equally in priority with the Corporation's existing and future unsecured and unsubordinated indebtedness.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Corporation has caused this instrument to be duly executed.

Duke Energy Corporation

By: \_\_\_\_\_

Name:

Title:

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CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company, N.A., as Trustee

By: \_\_\_\_\_  
Authorized Signatory



(Reverse Side of Security)

This 3.95% Senior Note due 2047 is one of a duly authorized issue of Securities of the Corporation (the "Securities"), issued and issuable in one or more series under an Indenture, dated as of June 3, 2008, as supplemented (the "Indenture"), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A.), as Trustee (the "Trustee," which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitation of rights, duties and immunities thereunder of the Corporation, the Trustee and the Holders of the Securities issued thereunder and of the terms upon which said Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof as 3.95% Senior Notes due 2047 initially in the aggregate principal amount of \$500,000,000. Capitalized terms used herein for which no definition is provided herein shall have the meanings set forth in the Indenture.

If an Event of Default with respect to the Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Corporation and the rights of the Holders of the Securities of all series affected under the Indenture at any time by the Corporation and the Trustee with the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities of all series affected thereby (voting as one class). The Indenture contains provisions permitting the Holders of not less than a majority in principal amount of the Outstanding Securities of all series with respect to which a default under the Indenture shall have occurred and be continuing (voting as one class), on behalf of the Holders of the Securities of all such series, to waive, with certain exceptions, such default under the Indenture and its consequences. The Indenture also permits the Holders of not less than a majority in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Corporation with certain provisions of the Indenture affecting such series. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Corporation, which is absolute and unconditional, to pay the principal of and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Corporation for such purpose, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Corporation and the Security Registrar and duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series, of authorized denominations and of like tenor and for the same aggregate principal amount, will be issued to the designated transferee or transferees. No service charge shall be made for any such registration of transfer or exchange, but the Corporation may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of the Securities of this series and for covenant defeasance at any time of certain covenants in the Indenture upon compliance with certain conditions set forth in the Indenture.

Prior to due presentment of this Security for registration of transfer, the Corporation, the Trustee and any agent of the Corporation or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Corporation, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities of this series are issuable only in registered form without coupons in denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to the limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series of a different authorized denomination, as requested by the Holder surrendering the same upon surrender of the Security or Securities to be exchanged at the office or agency of the Corporation.

This Security shall be governed by, and construed in accordance with, the laws of the State of New York.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM — as tenants in common	UNIF GIFT MIN ACT -	_____ Custodian _____ (Cust) (Minor)
TEN ENT — as tenants by the entireties		
JT TEN — as joint tenants with rights of survivorship and not as tenants in common		under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not on the above list.

FOR VALUE RECEIVED, the undersigned hereby sell(s) and transfer(s) unto (please insert Social Security or other identifying number of assignee)

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing \_\_\_\_\_ agent to transfer said Security on the books of the Corporation, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the within instrument in every particular without alteration or enlargement, or any change whatever.

Signature Guarantee: \_\_\_\_\_

SIGNATURE GUARANTEE

Signatures must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Security Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program (“STAMP”) or such other “signature guarantee program” as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT F

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

The Bank of New York Mellon Trust Company, N.A., as Trustee

By:

\_\_\_\_\_  
Authorized Signatory

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Exhibit 5.1

**DUKE ENERGY BUSINESS SERVICES LLC**  
550 S. Tryon Street  
Charlotte, North Carolina 28202  
August 10, 2017

Duke Energy Corporation  
550 S. Tryon Street  
Charlotte, North Carolina 28202-4200

Re: Duke Energy Corporation \$500,000,000 2.40% Senior Notes due 2022, \$750,000,000 3.15% Senior Notes due 2027 and \$500,000,000 3.95% Senior Notes due 2047

Ladies and Gentlemen:

I am Deputy General Counsel of Duke Energy Business Services LLC, the service company subsidiary of Duke Energy Corporation, a Delaware corporation (the "Company"), and in such capacity I have acted as counsel to the Company in connection with the public offering of \$500,000,000 aggregate principal amount of the Company's 2.40% Senior Notes due 2022, \$750,000,000 aggregate principal amount of the Company's 3.15% Senior Notes due 2027 and \$500,000,000 aggregate principal amount of the Company's 3.95% Senior Notes due 2047 (collectively, the "Securities"). The Securities are being issued pursuant to an Indenture, dated as of June 3, 2008 (the "Original Indenture"), by and between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "Trustee"), as amended and supplemented by various supplemental indentures thereto, including the Seventeenth Supplemental Indenture, dated as of August 10, 2017 (the "Supplemental Indenture"), between the Company and the Trustee (the Original Indenture, as amended and supplemented, being referred to as the "Indenture"). On August 7, 2017, the Company entered into an Underwriting Agreement (the "Underwriting Agreement") with Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and MUFG Securities Americas Inc., as representatives of the several underwriters named therein (the "Underwriters"), relating to the sale by the Company to the Underwriters of the Securities.

This opinion is being delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act").

I am a member of the bar of the State of North Carolina and my opinions set forth herein are limited to Delaware corporate law and the laws of the State of New York and the federal laws of the United States that, in my experience, are normally applicable to transactions of the type contemplated above and, to the extent that judicial or regulatory orders or decrees or consents, approvals, licenses, authorizations, validations, filings, recordings or registrations with governmental authorities are relevant, to those required under such laws (all of the foregoing being referred to as "Opined on Law"). I do not express any opinion with respect to the law of any jurisdiction other than Opined on Law or as to the effect of any such non-opined law on the opinions herein stated. This opinion is limited to the laws, including the rules and regulations, as in effect on the date hereof, which laws are subject to change with possible retroactive effect.

In rendering the opinion set forth herein, I or attorneys under my supervision (with whom I have consulted) have examined and are familiar with originals or copies, certified or otherwise identified to our satisfaction, of:

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- (a) the registration statement on Form S-3, as amended (File No. 333-213765) of the Company relating to the Securities and other securities of the Company originally filed on September 23, 2016, and subsequently filed on January 26, 2017, with the Securities and Exchange Commission (the "Commission") under the Securities Act, allowing for delayed offerings pursuant to Rule 415 under the Securities Act and the information deemed to be a part of such registration statement as of the date hereof pursuant to Rule 430B of the General Rules and Regulations under the Securities Act (the "Rules and Regulations") (such registration statement, effective upon original filing with the Commission on September 23, 2016 pursuant to Rule 462(e) of the Rules and Regulations, being hereinafter referred to as the "Registration Statement");
  - (b) the prospectus, dated January 26, 2017 relating to the offering of securities of the Company, which forms a part of and is included in the Registration Statement in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;
  - (c) the preliminary prospectus supplement, dated August 7, 2017, and the prospectus, dated January 26, 2017, relating to the offering of the Securities in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;
  - (d) the prospectus supplement, dated August 7, 2017, and the prospectus, dated January 26, 2017, relating to the offering of the Securities in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;
  - (e) the Amended and Restated Certificate of Incorporation of the Company, dated as of May 19, 2014, as certified by the Secretary of State of the State of Delaware;
  - (f) the Amended and Restated By-laws of the Company, effective as of January 4, 2016;
  - (g) an executed copy of the Original Indenture;
  - (h) an executed copy of the Supplemental Indenture;
  - (i) an executed copy of the Underwriting Agreement;
  - (j) the certificates representing the Securities;
  - (k) the issuer free writing prospectus issued at or prior to 4:30 p.m. (Eastern time) on August 7, 2017, which the Company was advised is the time of the first contract of sale of the Securities, substantially in the form attached as Schedule C to the Underwriting Agreement and as filed with the Commission pursuant to Rule 433(d) of the Securities Act and Section 5(e) of the Underwriting Agreement;
  - (l) the Statement of Eligibility under the Trust Indenture Act of 1939, as amended, on Form T-1, of the Trustee;
  - (m) resolutions of the Board of Directors of the Company, adopted on August 25, 2016, relating to the preparation and filing with the Commission of the Registration Statement and the issuance of the Company's securities; and
  - (n) the written consent of the Assistant Treasurer of the Company, effective as of August 7, 2017.
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I or attorneys under my supervision (with whom I have consulted) have also examined originals or copies, certified or otherwise identified to my satisfaction, of such records of the Company and such agreements, certificates and receipts of public officials, certificates of officers or other representatives of the Company and others, and such other documents as I or attorneys under my supervision (with whom I have consulted) have deemed necessary or appropriate as a basis for the opinions set forth below.

In my examination, I or attorneys under my supervision (with whom I have consulted) have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to me as originals, the conformity to original documents of all documents submitted to me as facsimile, electronic, certified, conformed, or photostatic copies, and the authenticity of the originals of such documents. In making my examination of executed documents or documents to be executed, I have assumed that the parties thereto, other than the Company had or will have the power, corporate or otherwise, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and the execution and delivery by such parties of such documents, and, as to parties other than the Company, the validity and binding effect on such parties. As to any facts material to this opinion that I or attorneys under my supervision (with whom I have consulted) did not independently establish or verify, we have relied upon oral or written statements and representations of officers and other representatives of the Company and others and of public officials.

The opinion set forth below is subject to the following further qualifications, assumptions and limitations:

(i) the validity or enforcement of any agreements or instruments may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law); and

(ii) I do not express any opinion as to the applicability or effect of any fraudulent transfer, preference or similar law on any agreements or instruments or any transactions contemplated thereby.

Based upon the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, I am of the opinion that the Securities have been duly authorized and executed by the Company, and that when duly authenticated by the Trustee and issued and delivered by the Company against payment therefor in accordance with the terms of the Underwriting Agreement and the Indenture, the Securities will constitute valid and binding obligations of the Company entitled to the benefits of the Indenture and enforceable against the Company in accordance with their terms.

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I hereby consent to the filing of this opinion with the Commission as Exhibit 5.1 to the Registration Statement through incorporation by reference of a current report on Form 8-K. I also hereby consent to the use of my name under the heading "Legal Matters" in the prospectus which forms a part of the Registration Statement. In giving this consent, I do not thereby admit that I am within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder. This opinion is expressed as of the date hereof unless otherwise expressly stated, and I disclaim any undertaking to advise you of any subsequent changes in the facts stated or assumed herein or of any subsequent changes in applicable laws.

Very truly yours,

/s/ Robert T. Lucas III  
Robert T. Lucas III, Esq.

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Exhibit 99.1

Execution Copy

**DUKE ENERGY CORPORATION**

**\$500,000,000 2.40% SENIOR NOTES DUE 2022**  
**\$750,000,000 3.15% SENIOR NOTES DUE 2027**  
**\$500,000,000 3.95% SENIOR NOTES DUE 2047**

**UNDERWRITING AGREEMENT**

August 7, 2017

Barclays Capital Inc.  
Credit Suisse Securities (USA) LLC  
J.P. Morgan Securities LLC  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
MUFG Securities Americas Inc.

As Representatives of the several Underwriters

c/o Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
One Bryant Park  
New York, New York 10036

Ladies and Gentlemen:

1. *Introductory.* DUKE ENERGY CORPORATION, a Delaware corporation (the "Corporation"), proposes, subject to the terms and conditions stated herein, to issue and sell (i) \$500,000,000 aggregate principal amount of 2.40% Senior Notes due 2022 (the "2022 Notes"), (ii) \$750,000,000 aggregate principal amount of 3.15% Senior Notes due 2027 (the "2027 Notes") and (iii) \$500,000,000 aggregate principal amount of 3.95% Senior Notes due 2047 (the "2047 Notes" and, together with the 2022 Notes and the 2027 Notes, the "Notes") to be issued pursuant to the provisions of an Indenture, dated as of June 3, 2008, (the "Original Indenture") as supplemented from time to time by supplemental indentures, including the Seventeenth Supplemental Indenture, to be dated as of August 10, 2017 (the "Supplemental Indenture" and together with the Original Indenture, the "Indenture"), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). Barclays Capital Inc., Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and MUFG Securities Americas Inc. (the "Representatives") are acting as representatives of the several underwriters named in Schedule A hereto (together with the Representatives, the "Underwriters"). The Corporation understands that the several Underwriters propose to offer the Notes for sale upon the terms and conditions contemplated by (i) this Agreement and (ii) the Base Prospectus, the Preliminary Prospectus and any Permitted Free Writing Prospectus (each, as defined below) issued at or prior to the Applicable Time (as

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defined below) (such documents referred to in this subclause (ii) are referred to as the “Pricing Disclosure Package”).

2. *Representations and Warranties of the Corporation.* The Corporation represents and warrants to, and agrees with, the several Underwriters that:

- (a) Registration statement (No. 333-213765), including a prospectus, relating to the Notes and certain other securities has been filed with the Securities and Exchange Commission (the “Commission”) under the Securities Act of 1933, as amended (the “1933 Act”). Such registration statement and any post-effective amendment thereto, each in the form heretofore delivered to you, became effective upon filing with the Commission pursuant to Rule 462 of the rules and regulations of the Commission under the 1933 Act (the “1933 Act Regulations”), and no stop order suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose or pursuant to Section 8A of the 1933 Act has been initiated or threatened by the Commission (if prepared, any preliminary prospectus supplement specifically relating to the Notes immediately prior to the Applicable Time included in such registration statement or filed with the Commission pursuant to Rule 424(b) of the 1933 Act Regulations being hereinafter called a “Preliminary Prospectus”); the term “Registration Statement” means the registration statement as deemed revised pursuant to Rule 430B(f)(1) of the 1933 Act Regulations on the date of such registration statement’s effectiveness for purposes of Section 11 of the 1933 Act, as such section applies to the Corporation and the Underwriters for the Notes pursuant to Rule 430B(f)(2) of the 1933 Act Regulations (the “Effective Date”), including all exhibits thereto and including the documents incorporated by reference in the prospectus contained in the Registration Statement at the time such part of the Registration Statement became effective; the term “Base Prospectus” means the prospectus filed with the Commission on the date hereof by the Corporation; and the term “Prospectus” means the Base Prospectus together with the prospectus supplement specifically relating to the Notes prepared in accordance with the provisions of Rule 430B and promptly filed after execution and delivery of this Agreement pursuant to Rule 430B or Rule 424(b) of the 1933 Act Regulations; any information included in such Prospectus that was omitted from the Registration Statement at the time it became effective but that is deemed to be a part of and included in such registration statement pursuant to Rule 430B is referred to as “Rule 430B Information;” and any reference herein to any Registration Statement, Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein prior to the date hereof; any reference to any amendment or supplement to any Preliminary Prospectus or Prospectus shall be deemed to refer to and include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Securities Exchange Act of 1934, as amended (the “1934 Act”), and incorporated by reference in such Preliminary Prospectus or Prospectus, as the case may be; and any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Corporation filed pursuant to Section 13(a) or 15(d) of the 1934 Act after the effective date of the Registration Statement that is incorporated by reference

in the Registration Statement. For purposes of this Agreement, the term “Applicable Time” means 4:30 p.m. (New York City time) on the date hereof.

- (b) The Registration Statement, the Permitted Free Writing Prospectus specified on Schedule B hereto, any Preliminary Prospectus and the Prospectus, conform, and any amendments or supplements thereto will conform, in all material respects to the requirements of the 1933 Act and the 1933 Act Regulations, and (A) the Registration Statement, as of the Effective Date, at each deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) of the 1933 Act Regulations, and at the Closing Date (as defined in Section 3), did not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and (B) (i) the Pricing Disclosure Package, as of the Applicable Time, did not, (ii) the Prospectus and any amendment or supplement thereto, as of their dates, will not, and (iii) the Prospectus as of the Closing Date will not, include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the Corporation makes no warranty or representation to the Underwriters with respect to any statements or omissions made in reliance upon and in conformity with written information furnished to the Corporation by the Representatives on behalf of the Underwriters specifically for use in the Registration Statement, the Permitted Free Writing Prospectus, any Preliminary Prospectus or the Prospectus.
- (c) Any Permitted Free Writing Prospectus specified on Schedule B hereto as of its issue date and at all subsequent times through the completion of the public offer and sale of the Notes or until any earlier date that the Corporation notified or notifies the Underwriters as described in Section 5(f) did not, does not and will not include any information that conflicts with the information (not superseded or modified as of the Effective Date) contained in the Registration Statement, any Preliminary Prospectus or the Prospectus.
- (d) At the earliest time the Corporation or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the 1933 Act Regulations) of the Notes, the Corporation was not an “ineligible issuer” as defined in Rule 405 of the 1933 Act Regulations. The Corporation is, and was at the time of the initial filing of the Registration Statement, eligible to use Form S-3 under the 1933 Act.
- (e) The documents and interactive data in eXtensible Business Reporting Language (“XBRL”) incorporated or deemed to be incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, at the time they were filed or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1934 Act and the rules and regulations of the Commission thereunder (the “1934 Act Regulations”), and, when read together with the other information in the Prospectus, (a) at the time the Registration Statement became effective, (b) at the Applicable Time and (c) on the Closing Date did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be

stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

- (f) The compliance by the Corporation with all of the provisions of this Agreement has been duly authorized by all necessary corporate action and the consummation of the transactions herein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Corporation or any of its Principal Subsidiaries (as hereinafter defined) is a party or by which any of them or their respective property is bound or to which any of their properties or assets is subject that would have a material adverse effect on the business, financial condition or results of operations of the Corporation and its subsidiaries, taken as a whole, nor will such action result in any violation of the provisions of the amended and restated Certificate of Incorporation (the "Certificate of Incorporation"), the amended and restated By-Laws (the "By-Laws") of the Corporation or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Corporation or its Principal Subsidiaries or any of their respective properties that would have a material adverse effect on the business, financial condition or results of operations of the Corporation and its subsidiaries, taken as a whole; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the consummation by the Corporation of the transactions contemplated by this Agreement, except for the approval of the North Carolina Utilities Commission which has been received as of the date of this Agreement, registration under the 1933 Act of the Notes, qualification under the Trust Indenture Act of 1939 (the "1939 Act") and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Underwriters.
- (g) This Agreement has been duly authorized, executed and delivered by the Corporation.
- (h) Each of Duke Energy Carolinas, LLC, a North Carolina limited liability company, Duke Energy Indiana, LLC, an Indiana limited liability company, Progress Energy, Inc., a North Carolina corporation, Duke Energy Progress, LLC, a North Carolina limited liability company, and Duke Energy Florida, LLC, a Florida limited liability company, is a "significant subsidiary" of the Corporation within the meaning of Rule 1-02 of Regulation S-X under the 1933 Act (herein collectively referred to, along with Duke Energy Ohio, Inc., an Ohio corporation and Piedmont Natural Gas Company, Inc., a North Carolina corporation, as the "Principal Subsidiaries").
- (i) The Indenture has been duly authorized, executed and delivered by the Corporation and duly qualified under the 1939 Act and, assuming the due authorization, execution and delivery thereof by the Trustee, constitutes a valid and legally binding instrument of the Corporation enforceable against the Corporation in accordance with its terms, except as the enforceability thereof may

be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

- (j) The Notes have been duly authorized and when executed by the Corporation and, when authenticated by the Trustee, in the manner provided in the Indenture and delivered against payment therefor, will constitute valid and legally binding obligations of the Corporation, enforceable against the Corporation in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law) and are entitled to the benefits afforded by the Indenture in accordance with the terms of the Indenture and the Notes.
- (k) Any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument filed or incorporated by reference as an exhibit to the Registration Statement or the Annual Report on Form 10-K of the Corporation for the fiscal year ended December 31, 2016 or any subsequent Quarterly Report on Form 10-Q of the Corporation or Current Report on Form 8-K of the Corporation, except to the extent that such agreement is no longer in effect or to the extent that neither the Corporation nor any subsidiary of the Corporation is currently a party to such agreement, are all indentures, mortgages, deeds of trust, loan agreements or other agreements or instruments that are material to the Corporation.
- (l) The Corporation is not required to be qualified as a foreign corporation to transact business in Indiana, North Carolina, Ohio, South Carolina and Florida.
- (m) Any pro forma financial statements of the Corporation and its subsidiaries and the related notes thereto incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein.

3. *Purchase, Sale and Delivery of Notes.* On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Corporation agrees to sell to the Underwriters, and the Underwriters agree, severally and not jointly, to purchase from the Corporation, at a purchase price of (i) 99.193% of the principal amount of the 2022 Notes plus accrued interest, if any, from August 10, 2017 (and in the manner set forth below), (ii) 99.069% of the principal amount of the 2027 Notes plus accrued interest, if any, from August 10, 2017 (and in the manner set forth below) and (iii) 98.723% of the principal amount of the 2047 Notes plus accrued interest, if any, from August 10, 2017 (and in the manner set forth below), the respective principal amounts of Notes set forth opposite the names of the Underwriters in Schedule A hereto plus the respective principal amounts of additional Notes which each such Underwriter may become obligated to purchase pursuant to the provisions of Section 8 hereof. The Underwriters hereby agree to make a payment to the Corporation in an

amount equal to \$3,375,000 including in respect of expenses incurred by us in connection with the offering of the Notes.

Payment of the purchase price for the Notes to be purchased by the Underwriters and the payment referred to above shall be made at the offices of Hunton & Williams LLP, 200 Park Avenue, 52<sup>nd</sup> Floor, New York, NY 10166, or at such other place as shall be mutually agreed upon by the Representatives and the Corporation, at 10:00 a.m., New York City time, on August 10, 2017 or such other time and date as shall be agreed upon in writing by the Corporation and the Representatives (the "Closing Date"). All other documents referred to herein that are to be delivered at the Closing Date shall be delivered at that time at the offices of Sidley Austin LLP, 787 Seventh Avenue, New York, NY 10019. Payment shall be made to the Corporation by wire transfer in immediately available funds, payable to the order of the Corporation against delivery of the Notes, in fully registered form, to you or upon your order. The 2022 Notes, the 2027 Notes and the 2047 Notes shall each be delivered in the form of one or more global certificates in aggregate denomination equal to the aggregate principal amount of the respective 2022 Notes, 2027 Notes and 2047 Notes upon original issuance and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC").

4. *Offering by the Underwriters.* It is understood that the several Underwriters propose to offer the Notes for sale to the public as set forth in the Pricing Disclosure Package and the Prospectus.

5. *Covenants of the Corporation.* The Corporation covenants and agrees with the several Underwriters that:

- (a) The Corporation will cause any Preliminary Prospectus and the Prospectus to be filed pursuant to, and in compliance with, Rule 424(b) of the 1933 Act Regulations, and advise the Underwriters promptly of the filing of any amendment or supplement to the Registration Statement, any Preliminary Prospectus or the Prospectus and of the institution by the Commission of any stop order proceedings in respect of the Registration Statement, and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.
- (b) If at any time when a prospectus relating to the Notes (or the notice referred to in Rule 173(a) of the 1933 Act Regulations) is required to be delivered under the 1933 Act any event occurs as a result of which the Pricing Disclosure Package or the Prospectus as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Pricing Disclosure Package or the Prospectus to comply with the 1933 Act, the Corporation promptly will prepare and file with the Commission an amendment, supplement or an appropriate document pursuant to Section 13 or 14 of the 1934 Act which will correct such statement or omission or which will effect such compliance.
- (c) The Corporation, during the period when a prospectus relating to the Notes is required to be delivered under the 1933 Act, will timely file all documents

required to be filed with the Commission pursuant to Section 13 or 14 of the 1934 Act.

- (d) Without the prior consent of the Underwriters, the Corporation has not made and will not make any offer relating to the Notes that would constitute a “free writing prospectus” as defined in Rule 405 of the 1933 Act Regulations, other than a Permitted Free Writing Prospectus; each Underwriter, severally and not jointly, represents and agrees that, without the prior consent of the Corporation, it has not made and will not make any offer relating to the Notes that would constitute a “free writing prospectus” as defined in Rule 405 of the 1933 Act Regulations, other than a Permitted Free Writing Prospectus or a free writing prospectus that is not required to be filed by the Corporation pursuant to Rule 433 of the 1933 Act Regulations (“**Rule 433**”); any such free writing prospectus (which shall include the pricing term sheet discussed in Section 5(e) below), the use of which has been consented to by the Corporation and the Underwriters, is listed on Schedule B and herein is called a “**Permitted Free Writing Prospectus.**” The Corporation represents that it has treated or agrees that it will treat each Permitted Free Writing Prospectus as an “issuer free writing prospectus,” as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping.
- (e) The Corporation agrees to prepare a pricing term sheet specifying the terms of the Notes not contained in any Preliminary Prospectus, substantially in the form of Schedule C hereto and approved by the Representatives on behalf of the Underwriters, and to file such pricing term sheet as an “issuer free writing prospectus” pursuant to Rule 433 prior to the close of business two business days after the date hereof.
- (f) The Corporation agrees that if at any time following the issuance of a Permitted Free Writing Prospectus any event occurs as a result of which such Permitted Free Writing Prospectus would conflict with the information (not superseded or modified as of the Effective Date) in the Registration Statement, the Pricing Disclosure Package or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances then prevailing, not misleading, the Corporation will give prompt notice thereof to the Underwriters and, if requested by the Underwriters, will prepare and furnish without charge to each Underwriter a free writing prospectus or other document, the use of which has been consented to by the Underwriters, which will correct such conflict, statement or omission.
- (g) The Corporation will make generally available to its security holders, in each case as soon as practicable but not later than 60 days after the close of the period covered thereby, earnings statements (in form complying with the provisions of Rule 158 under the 1933 Act, which need not be certified by independent certified public accountants unless required by the 1933 Act) covering (i) a twelve-month period beginning not later than the first day of the Corporation’s fiscal quarter



next following the effective date of the Registration Statement and (ii) a twelve-month period beginning not later than the first day of the Corporation's fiscal quarter next following the date of this Agreement.

- (h) The Corporation will furnish to you, without charge, copies of the Registration Statement (four of which will include all exhibits other than those incorporated by reference), the Pricing Disclosure Package and the Prospectus, and all amendments and supplements to such documents, in each case as soon as available and in such quantities as you reasonably request.
- (i) The Corporation will arrange or cooperate in arrangements, if necessary, for the qualification of the Notes for sale under the laws of such jurisdictions as you designate and will continue such qualifications in effect so long as required for the distribution; provided, however, that the Corporation shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state where it is not now so subject.
- (j) The Corporation will pay all expenses incident to the performance of its obligations under this Agreement including (i) the printing and filing of the Registration Statement and the printing of this Agreement and any Blue Sky Survey, (ii) the preparation and printing of certificates for the Notes, (iii) the issuance and delivery of the Notes as specified herein, (iv) the fees and disbursements of counsel for the Underwriters in connection with the qualification of the Notes under the securities laws of any jurisdiction in accordance with the provisions of Section 5(i) and in connection with the preparation of the Blue Sky Survey, such fees not to exceed \$5,000, (v) the printing and delivery to the Underwriters, in quantities as hereinabove referred to, of copies of the Registration Statement and any amendments thereto, of any Preliminary Prospectus, of the Prospectus, of any Permitted Free Writing Prospectus and any amendments or supplements thereto, (vi) any fees charged by independent rating agencies for rating the Notes, (vii) any fees and expenses in connection with the listing of the Notes on the New York Stock Exchange, (viii) any filing fee required by the Financial Industry Regulatory Authority, Inc., (ix) the costs of any depository arrangements for the Notes with DTC or any successor depository and (x) the costs and expenses of the Corporation relating to investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Notes, including, without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations with the prior approval of the Corporation, travel and lodging expenses of the Underwriters and officers of the Corporation and any such consultants, and the cost of any aircraft chartered in connection with the road show; provided, however, the Underwriters shall reimburse a portion of the costs and expenses referred to in this clause (x).

6. *Conditions of the Obligations of the Underwriters.* The obligations of the several Underwriters to purchase and pay for the Notes will be subject to the accuracy of the representations and warranties on the part of the Corporation herein, to the accuracy of the statements of officers of the Corporation made pursuant to the provisions hereof, to the

performance by the Corporation of its obligations hereunder and to the following additional conditions precedent:

- (a) The Prospectus shall have been filed by the Corporation with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for filing by the 1933 Act Regulations and in accordance herewith and each Permitted Free Writing Prospectus shall have been filed by the Corporation with the Commission within the applicable time periods prescribed for such filings by, and otherwise in compliance with, Rule 433.
- (b) On or after the Applicable Time and prior to the Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose or pursuant to Section 8A of the 1933 Act shall have been instituted or, to the knowledge of the Corporation or you, shall be threatened by the Commission.
- (c) On or after the Applicable Time and prior to the Closing Date, the rating assigned by Moody's Investors Service, Inc., S&P Global Ratings or Fitch Ratings, Inc. (or any of their successors) to any debt securities or preferred stock of the Corporation as of the date of this Agreement shall not have been lowered.
- (d) Since the respective most recent dates as of which information is given in the Pricing Disclosure Package and the Prospectus and up to the Closing Date, there shall not have been any material adverse change in the condition of the Corporation, financial or otherwise, except as reflected in or contemplated by the Pricing Disclosure Package and the Prospectus, and, since such dates and up to the Closing Date, there shall not have been any material transaction entered into by the Corporation other than transactions contemplated by the Pricing Disclosure Package and the Prospectus and transactions in the ordinary course of business, the effect of which in your reasonable judgment is so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Notes on the terms and in the manner contemplated by the Pricing Disclosure Package and the Prospectus.
- (e) You shall have received an opinion of Robert T. Lucas III, Esq., Deputy General Counsel of Duke Energy Business Services LLC, a service company subsidiary of the Corporation, dated the Closing Date, to the effect that:
  - (i) Each of Duke Energy Ohio, Inc., Progress Energy, Inc. and Piedmont Natural Gas Company, Inc., has been duly incorporated and is validly existing in good standing under the laws of the jurisdiction of its incorporation and has the respective corporate power and authority and foreign qualifications necessary to own its properties and to conduct its business as described in the Pricing Disclosure Package and the Prospectus. Each of Duke Energy Carolinas, LLC, Duke Energy Florida, LLC, Duke Energy Indiana, LLC and Duke Energy Progress, LLC has been duly organized and is validly existing and in good standing as a limited liability company under the laws of the State of North Carolina, the State of Florida, the State of Indiana and the State of North Carolina,

respectively, and has full limited liability company power and authority necessary to own its properties and to conduct its business as described in the Pricing Disclosure Package and the Prospectus;

- (ii) Each of the Corporation and the Principal Subsidiaries is duly qualified to do business in each jurisdiction in which the ownership or leasing of its property or the conduct of its business requires such qualification, except where the failure to so qualify, considering all such cases in the aggregate, does not have a material adverse effect on the business, properties, financial condition or results of operations of the Corporation and its subsidiaries taken as a whole.
- (iii) The Registration Statement became effective upon filing with the Commission pursuant to Rule 462 of the 1933 Act Regulations, and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened under the 1933 Act.
- (iv) The descriptions in the Registration Statement, the Pricing Disclosure Package and the Prospectus of any legal or governmental proceedings are accurate and fairly present the information required to be shown, and such counsel does not know of any litigation or any legal or governmental proceeding instituted or threatened against the Corporation or any of its Principal Subsidiaries or any of their respective properties that would be required to be disclosed in the Registration Statement, the Pricing Disclosure Package or the Prospectus and is not so disclosed.
- (v) This Agreement has been duly authorized, executed and delivered by the Corporation.
- (vi) The execution, delivery and performance by the Corporation of this Agreement and the Indenture and the issue and sale of the Notes will not violate or contravene any of the provisions of the Certificate of Incorporation or By-Laws of the Corporation or any statute or any order, rule or regulation of which such counsel is aware of any court or governmental agency or body having jurisdiction over the Corporation or any of its Principal Subsidiaries or any of their respective property, nor will such action conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument known to such counsel to which the Corporation or any of its Principal Subsidiaries is a party or by which any of them or their respective property is bound or to which any of its property or assets is subject, which affects in a material way the Corporation's ability to perform its obligations under this Agreement, the Indenture and the Notes.
- (vii) The Indenture has been duly authorized, executed and delivered by the Corporation and, assuming the due authorization, execution and delivery

thereof by the Trustee, constitutes a valid and legally binding instrument of the Corporation, enforceable against the Corporation in accordance with its terms.

- (viii) The Notes have been duly authorized, executed and issued by the Corporation and, when authenticated by the Trustee, in the manner provided in the Indenture and delivered against payment therefor, will constitute valid and legally binding obligations of the Corporation enforceable against the Corporation in accordance with their terms, and are entitled to the benefits afforded by the Indenture in accordance with the terms of the Indenture and the Notes.
- (ix) No consent, approval, authorization, order, registration or qualification is required to authorize, or for the Corporation to consummate the transactions contemplated by this Agreement, except for such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Underwriters and except as required in Condition No. 7.6 of the order of the North Carolina Utilities Commission dated September 29, 2016, in Docket Nos. E-7, Sub 1100, E-2, Sub 1095, and G-9, Sub 682, which consent has been obtained.

Such counsel may state that his opinions in paragraphs (vii) and (viii) are subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law). Such counsel shall state that nothing has come to his attention that has caused him to believe that each document incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, when filed, was not, on its face, appropriately responsive, in all material respects, to the requirements of the 1934 Act and the 1934 Act Regulations. Such counsel shall also state that nothing has come to his attention that has caused him to believe that (i) the Registration Statement, including the Rule 430B Information, as of its effective date and at each deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) of the 1933 Act Regulations, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Pricing Disclosure Package at the Applicable Time contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (iii) that the Prospectus or any amendment or supplement thereto, as of their respective dates and at the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Such counsel may also state that, except as otherwise expressly provided in such opinion, he does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in or incorporated by reference into the Registration Statement, the Pricing Disclosure Package or the Prospectus and does not express any opinion or belief as to (i) the financial statements or other financial and accounting data contained or incorporated by reference therein or excluded therefrom, including XBRL interactive data, (ii) the statement of the eligibility and qualification

of the Trustee included in the Registration Statement (the "Form T-1") or (iii) the information in the Prospectus under the caption "Book-Entry System."

In rendering the foregoing opinion, such counsel may state that he does not express any opinion concerning any law other than the law of the State of North Carolina or, to the extent set forth in the foregoing opinions, the federal securities laws and may rely as to all matters of the laws of the States of South Carolina, Ohio, Indiana and Florida on appropriate counsel reasonably satisfactory to the Representatives, which may include the Corporation's other "in-house" counsel). Such counsel may also state that he has relied as to certain factual matters on information obtained from public officials, officers of the Corporation and other sources believed by him to be responsible.

- (f) You shall have received an opinion of Hunton & Williams LLP, counsel to the Corporation, dated the Closing Date, to the effect that:
- (i) The Corporation has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Delaware.
  - (ii) The Corporation has the corporate power and corporate authority to execute and deliver this Agreement and the Supplemental Indenture and to consummate the transactions contemplated hereby.
  - (iii) This Agreement has been duly authorized, executed and delivered by the Corporation.
  - (iv) The Indenture has been duly authorized, executed and delivered by the Corporation and, assuming the due authorization, execution and delivery thereof by the Trustee, is a valid and binding agreement of the Corporation, enforceable against the Corporation in accordance with its terms.
  - (v) The Notes have been duly authorized and executed by the Corporation, and, when duly authenticated by the Trustee and issued and delivered by the Corporation against payment therefor in accordance with the terms of this Agreement and the Indenture, the Notes will constitute valid and binding obligations of the Corporation, entitled to the benefits of the Indenture and enforceable against the Corporation in accordance with their terms.
  - (vi) The statements set forth (i) under the caption "Description of Debt Securities" (other than under the caption "Global Securities") that are included in the Base Prospectus and (ii) under the caption "Description of the Notes" in the Pricing Disclosure Package and the Prospectus, insofar as such statements purport to summarize certain provisions of the Indenture and the Notes, fairly summarize such provisions in all material respects.
  - (vii) The statements set forth under the caption "Material U.S. Federal Income Tax Considerations," in the Pricing Disclosure Package and the

Prospectus, insofar as such statements purport to constitute summaries of matters of United States federal income tax law, constitute accurate and complete summaries, in all material respects, subject to the qualifications set forth therein.

- (viii) No Governmental Approval, which has not been obtained or taken and is not in full force and effect, is required to authorize, or is required for, the execution or delivery of this Agreement by the Corporation or the consummation by the Corporation of the transactions contemplated hereby, except for such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Notes by the Underwriters. "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, qualification or registration with, any Governmental Authority required to be made or obtained by the Corporation pursuant to Applicable Laws, other than any consent, approval, license, authorization, validation, filing, qualification or registration that may have become applicable as a result of the involvement of any party (other than the Corporation) in the transactions contemplated by this Agreement or because of such parties' legal or regulatory status or because of any other facts specifically pertaining to such parties and "Governmental Authority" means any court, regulatory body, administrative agency or governmental body of the State of North Carolina, the State of New York or the State of Delaware or the United States of America having jurisdiction over the Corporation under Applicable Law but excluding the North Carolina Utilities Commission, the New York Public Service Commission and the Delaware Public Service Commission.
- (ix) The Corporation is not and, solely after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Prospectus, will not be subject to registration and regulation as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.
- (x) The execution and delivery by the Corporation of this Agreement and the Indenture and the consummation by the Corporation of the transactions contemplated hereby, including the issuance and sale of the Notes, will not (i) conflict with the Certificate of Incorporation or the By-Laws, (ii) constitute a violation of, or a breach of or default under, the terms of any of the contracts set forth on Schedule D hereto or (iii) violate or conflict with, or result in any contravention of, any Applicable Law of the State of New York or the General Corporation Law of the State of Delaware. Such counsel shall state that it does not express any opinion, however, as to whether the execution, delivery or performance by the Corporation of this Agreement or the Indenture will constitute a violation of, or a default under, any covenant, restriction or provision with respect to financial ratios or tests or any aspect of the financial condition or results or

operations of the Corporation or any of its subsidiaries. "Applicable Law" means the General Corporation Law of the State of Delaware and those laws, rules and regulations of the States of New York and North Carolina and those federal laws, rules and regulations of the United States of America, in each case that, in such counsel's experience, are normally applicable to transactions of the type contemplated by this Agreement (other than the United States federal securities laws, state securities or Blue Sky laws, antifraud laws and the rules and regulations of the Financial Industry Regulatory Authority, Inc., the North Carolina Public Utilities Act, the rules and regulations of the North Carolina Utilities Commission and the New York State Public Service Commission and the New York State Public Service Law), but without such counsel having made any special investigation as to the applicability of any specific law, rule or regulation.)

- (xi) The statements in the Pricing Disclosure Package and the Prospectus under the caption "Underwriting (Conflicts of Interest)," insofar as such statements purport to summarize certain provisions of this Agreement, fairly summarize such provisions in all material respects.

You shall also have received a statement of Hunton & Williams LLP, dated the Closing Date, to the effect that:

(i) no facts have come to such counsel's attention that have caused such counsel to believe that the documents filed by the Corporation under the 1934 Act and the 1934 Act Regulations that are incorporated by reference in the Preliminary Prospectus Supplement that forms a part of the Pricing Disclosure Package and the Prospectus, when filed, were not, on their face, appropriately responsive in all material respects to the requirements of the 1934 Act and the 1934 Act Regulations (except that in each case such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, compliance with XBRL interactive data requirements) (ii) the Registration Statement, at the Applicable Time and the Prospectus, as of its date, appeared on their face to be appropriately responsive in all material respects to the requirements of the 1933 Act and the 1933 Act Rules and Regulations (except that in each case such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, compliance with XBRL interactive data requirements or the Form T-1) and (iii) no facts have come to such counsel's attention that have caused such counsel to believe that the Registration Statement, at the Applicable Time, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus, as of its date and as of the Closing Date, contained or contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that in each case such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, including XBRL interactive data and the Form T-1). Such counsel shall further state that, in addition, no facts have come to such counsel's attention that have caused such counsel to believe that the

Pricing Disclosure Package, as of the Applicable Time, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, including XBRL interactive data and the Form T-1).

In addition, such statement shall confirm that the Prospectus has been filed with the Commission within the time period required by Rule 424 of the 1933 Act Regulations and any required filing of a Permitted Free Writing Prospectus pursuant to Rule 433 of the 1933 Act Regulations has been filed with the Commission within the time period required by Rule 433(d) of the 1933 Act Regulations. Such statement shall further state that assuming the accuracy of the representations and warranties of the Corporation set forth in Section 2(d) of this Agreement, the Registration Statement became effective upon filing with the Commission pursuant to Rule 462 of the 1933 Act Regulations and, pursuant to Section 309 of the Trust Indenture Act of 1939, as amended (the "1939 Act"), the Indenture has been qualified under the 1939 Act, and that based solely on such counsel's review of the Commission's website, no stop order suspending the effectiveness of the Registration Statement has been issued and, to such counsel's knowledge, no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

Hunton & Williams LLP may state that its opinions in paragraphs (v) and (vi) are subject to the effects of bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law). In addition, such counsel may state that it has relied as to certain factual matters on information obtained from public officials, officers and representatives of the Corporation and that the signatures on all documents examined by them are genuine, assumptions which such counsel have not independently verified.

- (g) You shall have received an opinion of Sidley Austin LLP, counsel for the Underwriters, dated the Closing Date, with respect to the validity of the Notes, the Registration Statement, the Pricing Disclosure Package and the Prospectus, as amended or supplemented, and such other related matters as you may require, and the Corporation shall have furnished to such counsel such documents as it requests for the purpose of enabling it to pass upon such matters.
- (h) At or after the Applicable Time, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally or of the securities of the Corporation, on the New York Stock Exchange; or (ii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities or a material disruption in commercial banking services or securities settlement or clearance services in the United States; or (iii) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this subsection (h) in your reasonable judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Notes on the terms and in the manner contemplated in the Pricing Disclosure Package and the Prospectus. In such event there shall be



no liability on the part of any party to any other party except as otherwise provided in Section 7 hereof and except for the expenses to be borne by the Corporation as provided in Section 5(j) hereof.

- (i) You shall have received a certificate of the Chairman of the Board, the President, any Vice President, the Secretary or an Assistant Secretary and any financial or accounting officer of the Corporation, dated the Closing Date, in which such officers, to the best of their knowledge after reasonable investigation, shall state that the representations and warranties of the Corporation in this Agreement are true and correct as of the Closing Date, that the Corporation has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Date, that the conditions specified in Section 6(c) and Section 6(d) have been satisfied, and that no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are threatened by the Commission.
- (j) At the time of the execution of this Agreement, you shall have received a letter dated such date, in form and substance satisfactory to you, from Deloitte & Touche LLP, the Corporation's independent registered public accounting firm, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained or incorporated by reference into the Registration Statement, the Pricing Disclosure Package and the Prospectus, including specific references to inquiries regarding any increase in long-term debt (excluding current maturities), decrease in net current assets (defined as current assets less current liabilities) or shareholders' equity, change in the Corporation's common stock, and decrease in operating revenues or net income for the period subsequent to the latest financial statements incorporated by reference in the Registration Statement when compared with the corresponding period from the preceding year, as of a specified date not more than three business days prior to the date of this Agreement.
- (k) At the Closing Date, you shall have received from Deloitte & Touche LLP, a letter dated as of the Closing Date, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (j) of this Section 6, except that the specified date referred to shall be not more than three business days prior to the Closing Date.

The Corporation will furnish you with such conformed copies of such opinions, certificates, letters and documents as you reasonably request.

7. *Indemnification.* (a) The Corporation agrees to indemnify and hold harmless each Underwriter, their respective officers and directors, and each person, if any, who controls any Underwriter or within the meaning of Section 15 of the 1933 Act, as follows:

- (i) against any and all loss, liability, claim, damage and expense whatsoever arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto) including the Rule 430B Information, or the omission or alleged

omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto), any Permitted Free Writing Prospectus or any issuer free writing prospectus as defined in Rule 433 of the 1933 Act Regulations, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with written information furnished to the Corporation by the Representatives on behalf of the Underwriters expressly for use in the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or any Permitted Free Writing Prospectus;

- (ii) against any and all loss, liability, claim, damage and expense whatsoever to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Corporation; and
- (iii) against any and all expense whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) of this subsection 7(a).

In no case shall the Corporation be liable under this indemnity agreement with respect to any claim made against any Underwriter or any such controlling person unless the Corporation shall be notified in writing of the nature of the claim within a reasonable time after the assertion thereof, but failure so to notify the Corporation shall not relieve it from any liability which it may have otherwise than under subsections 7(a) and 7(b). The Corporation shall be entitled to participate at its own expense in the defense, or, if it so elects, within a reasonable time after receipt of such notice, to assume the defense of any suit brought to enforce any such claim, but if it so elects to assume the defense, such defense shall be conducted by counsel chosen by it and approved by the Underwriter or Underwriters or controlling person or persons, or defendant or defendants in any suit so brought, which approval shall not be unreasonably withheld. In any such suit, any Underwriter or any such controlling person shall have the right to employ its own counsel, but the fees and expenses of such counsel shall be at the expense of such Underwriter or such controlling person unless (i) the Corporation and such Underwriter shall have mutually agreed to the employment of such counsel, or (ii) the named parties to any such action (including any impleaded parties) include both such Underwriter or such controlling person and the Corporation and such Underwriter or such controlling person shall have been advised by such counsel that a conflict of interest between the Corporation and such Underwriter or such

controlling person may arise and for this reason it is not desirable for the same counsel to represent both the indemnifying party and also the indemnified party (it being understood, however, that the Corporation shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for all such Underwriters and all such controlling persons, which firm shall be designated in writing by you). The Corporation agrees to notify you within a reasonable time of the assertion of any claim against it, any of its officers or directors or any person who controls the Corporation within the meaning of Section 15 of the 1933 Act, in connection with the sale of the Notes.

- (b) Each Underwriter severally agrees that it will indemnify and hold harmless the Corporation, its directors and each of the officers of the Corporation who signed the Registration Statement and each person, if any, who controls the Corporation within the meaning of Section 15 of the 1933 Act to the same extent as the indemnity contained in subsection (a) of this Section, but only with respect to statements or omissions made in the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or any Permitted Free Writing Prospectus, in reliance upon and in conformity with written information furnished to the Corporation by the Representatives on behalf of the Underwriters expressly for use in the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or any Permitted Free Writing Prospectus. In case any action shall be brought against the Corporation or any person so indemnified based on the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or any Permitted Free Writing Prospectus and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Corporation, and the Corporation and each person so indemnified shall have the rights and duties given to the Underwriters, by the provisions of subsection (a) of this Section.
- (c) No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding and does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party.
- (d) If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified party in respect of any and all loss, liability, claim, damage and expense whatsoever (or actions in respect thereof) that would otherwise have been indemnified under the terms of such indemnity, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense

(or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Corporation on the one hand and the Underwriters on the other from the offering of the Notes. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Corporation on the one hand and the Underwriters on the other in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Corporation on the one hand and the Underwriters on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Corporation bear to the total compensation received by the Underwriters in respect of the underwriting discount as set forth in the table on the cover page of the Prospectus. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Corporation on the one hand or the Underwriters on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Corporation and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Section were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section. The amount paid or payable by an indemnified party as a result of the losses, liabilities, claims, damages or expenses (or actions in respect thereof) referred to above in this Section shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Notes underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute are several in proportion to their respective underwriting obligations and not joint.

8. *Default by One or More of the Underwriters.* (a) If any Underwriter shall default in its obligation to purchase the principal amount of the 2022 Notes, 2027 Notes or 2047 Notes, as applicable, which it has agreed to purchase hereunder on the Closing Date, you may in your discretion arrange for you or another party or other parties to purchase such 2022 Notes, 2027 Notes and/or 2047 Notes, as applicable, on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Notes, then the

Corporation shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Notes on such terms. In the event that, within the respective prescribed periods, you notify the Corporation that you have so arranged for the purchase of such Notes, or the Corporation notifies you that it has so arranged for the purchase of such Notes, you or the Corporation shall have the right to postpone such Closing Date for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement, the Pricing Disclosure Package or the Prospectus, or in any other documents or arrangements, and the Corporation agrees to file promptly any amendments to the Registration Statement, the Pricing Disclosure Package or the Prospectus which may be required. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Notes.

- (b) If, after giving effect to any arrangements for the purchase of the Notes of a defaulting Underwriter or Underwriters by you or the Corporation as provided in subsection (a) above, the aggregate amount of such Notes which remains unpurchased does not exceed one-tenth of the aggregate amount of all the Notes to be purchased at such Closing Date, then the Corporation shall have the right to require each non-defaulting Underwriter to purchase the amount of Notes which such Underwriter agreed to purchase hereunder at such Closing Date and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the amounts of Notes which such Underwriter agreed to purchase hereunder) of the Notes of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.
- (c) If, after giving effect to any arrangements for the purchase of the Notes of a defaulting Underwriter or Underwriters by you or the Corporation as provided in subsection (a) above, the aggregate amount of such Notes which remains unpurchased exceeds one-tenth of the aggregate amount of all the Notes to be purchased at such Closing Date, or if the Corporation shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Notes of a defaulting Underwriter or Underwriters, then this Agreement shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Corporation, except for the expenses to be borne by the Corporation as provided in Section 5(j) hereof and the indemnity and contribution agreement in Section 7 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

9. *Representations and Indemnities to Survive Delivery.* The respective indemnities, agreements, representations, warranties and other statements of the Corporation or its officers and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of any Underwriter or the Corporation, or any of its officers or directors or any controlling person, and will survive delivery of and payment for the Notes.

10. *Reliance on Your Acts.* In all dealings hereunder, the Representatives shall act on behalf of each of the Underwriters, and the Corporation shall be entitled to act and rely upon any

statement, request, notice or agreement on behalf of any Underwriter made or given by the Representatives.

11. *No Fiduciary Relationship.* The Corporation acknowledges and agrees that (i) the purchase and sale of the Notes pursuant to this Agreement is an arm's-length commercial transaction between the Corporation on the one hand, and the Underwriters on the other hand, (ii) in connection with the offering contemplated hereby and the process leading to such transaction, each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Corporation or its shareholders, creditors, employees, or any other party, (iii) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Corporation with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Corporation on other matters) and no Underwriter has any obligation to the Corporation with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, (iv) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Corporation, and (v) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the transaction contemplated hereby and the Corporation has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

12. *Notices.* All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed or telecopied and confirmed to Barclays Capital Inc., 745 Seventh Avenue, New York, New York 10019, Attention: Syndicate Registration (Fax no.: (646) 834-8133); Credit Suisse Securities (USA) LLC, 11 Madison Avenue, New York, New York 10010 Attention: LCD-IBD, (Fax no.: (212) 325-4296); J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179, Attention: Investment Grade Syndicate Desk (Fax no.: (212) 834-6081); Merrill Lynch, Pierce, Fenner & Smith Incorporated, 50 Rockefeller Plaza, NY1-050-12-01, New York, New York 10020, Attention: High Grade Transaction Management/Legal (Fax no.: (646) 855-5958); MUFG Securities Americas Inc., 1221 Avenue of the Americas, 6<sup>th</sup> Floor, New York, New York 10020, Attention: Capital Markets Group (Fax no.: (646) 434-3455) or, if sent to the Corporation, will be mailed or telecopied and confirmed to it at 550 S. Tryon Street, Charlotte, N.C. 28202, (Fax no.: (980) 373-3699), attention of Treasurer. Any such communications shall take effect upon receipt thereof.

13. *Business Day.* As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

14. *Successors.* This Agreement shall inure to the benefit of and be binding upon the Underwriters and the Corporation and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons, officers and directors referred to in Section 7 and their respective successors, heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained; this Agreement and all conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and their respective successors and said controlling persons, officers and directors and their respective successors, heirs and legal representatives, and for the benefit of no other person, firm

or corporation. No purchaser of Notes from any Underwriter shall be deemed to be a successor or assign by reason merely of such purchase.

15. *Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

16. *Applicable Law.* This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

If the foregoing is in accordance with your understanding, kindly sign and return to us two counterparts hereof, and upon confirmation and acceptance by the Underwriters, this letter and such confirmation and acceptance will become a binding agreement between the Corporation, on the one hand, and each of the Underwriters, on the other hand, in accordance with its terms.

Very truly yours,

DUKE ENERGY CORPORATION

By: /s/ John L. Sullivan

Name: John L. Sullivan, III  
Title: Assistant Treasurer

*[Signature Page to Underwriting Agreement]*

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The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

BARCLAYS CAPITAL INC.  
CREDIT SUISSE SECURITIES (USA) LLC  
J.P. MORGAN SECURITIES LLC  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED  
MUFG SECURITIES AMERICAS INC.

On behalf of each of the Underwriters

BARCLAYS CAPITAL INC.

CREDIT SUISSE SECURITIES (USA) LLC

By: /s/ Robert Stowe  
Name: Robert Stowe  
Title: Managing Director

By: /s/ Nevin Bhatia  
Name: Nevin Bhatia  
Title: Director

J.P. MORGAN SECURITIES LLC

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

By: /s/ Robert Battamedi  
Name: Robert Battamedi  
Title: Vice President

By: /s/ Shawn Cepeda  
Name: Shawn Cepeda  
Title: Managing Director

MUFG SECURITIES AMERICAS INC.

By: /s/ Brian Cogliandro  
Name: Brian Cogliandro  
Title: Managing Director  
Head of U.S. Syndicate

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**SCHEDULE A**

<b>Underwriter</b>	<b>Principal Amount of 2022 Notes</b>	<b>Principal Amount of 2027 Notes</b>	<b>Principal Amount of 2047 Notes</b>
Barclays Capital Inc.	\$ 73,500,000	\$ 110,250,000	\$ 73,500,000
Credit Suisse Securities (USA) LLC	73,500,000	110,250,000	73,500,000
J.P. Morgan Securities LLC	73,500,000	110,250,000	73,500,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	73,500,000	110,250,000	73,500,000
MUFG Securities Americas Inc.	73,500,000	110,250,000	73,500,000
Loop Capital Markets LLC	45,000,000	67,500,000	45,000,000
BB&T Capital Markets, a division of BB&T Securities, LLC	15,500,000	23,250,000	15,500,000
PNC Capital Markets LLC	15,500,000	23,250,000	15,500,000
Regions Securities LLC	15,500,000	23,250,000	15,500,000
Santander Investment Securities Inc.	15,500,000	23,250,000	15,500,000
The Williams Capital Group, L.P.	15,500,000	23,250,000	15,500,000
Academy Securities, Inc.	2,500,000	3,750,000	2,500,000
Blaylock Van, LLC	2,500,000	3,750,000	2,500,000
CastleOak Securities, L.P.	2,500,000	3,750,000	2,500,000
Samuel A. Ramirez & Company, Inc.	2,500,000	3,750,000	2,500,000
<b>Total</b>	<b>\$ 500,000,000</b>	<b>\$ 750,000,000</b>	<b>\$ 500,000,000</b>

**SCHEDULE B**

**PRICING DISCLOSURE PACKAGE**

- 1) Base Prospectus
- 2) Preliminary Prospectus Supplement dated August 7, 2017
- 3) Permitted Free Writing Prospectus
  - a) Pricing Term Sheet attached as Schedule C hereto

B-1

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**SCHEDULE C**

*Filed pursuant to Rule 433  
August 7, 2017  
Relating to  
Preliminary Prospectus Supplement dated August 7, 2017  
to  
Prospectus dated January 26, 2017  
Registration Statement No. 333-213765*

**Duke Energy Corporation**  
**\$500,000,000 2.40% Senior Notes due 2022**  
**\$750,000,000 3.15% Senior Notes due 2027**  
**\$500,000,000 3.95% Senior Notes due 2047**

Pricing Term Sheet

Issuer: Duke Energy Corporation

Trade Date: August 7, 2017

Settlement: August 10, 2017 (T+3)

Title of Securities: 2.40% Senior Notes due 2022 (the "2022 Notes")  
3.15% Senior Notes due 2027 (the "2027 Notes")  
3.95% Senior Notes due 2047 (the "2047 Notes" and, together with the 2022 Notes and the 2027 Notes, the "Notes")

Principal Amount: 2022 Notes: \$500,000,000  
2027 Notes: \$750,000,000  
2047 Notes: \$500,000,000

Interest Payment Dates: February 15 and August 15 of each year, beginning on February 15, 2018

Maturity Date: 2022 Notes: August 15, 2022  
2027 Notes: August 15, 2027  
2047 Notes: August 15, 2047

Benchmark Treasury: 2022 Notes: 1.875% due July 31, 2022  
2027 Notes: 2.375% due May 15, 2027  
2047 Notes: 3.000% due February 15, 2047

Benchmark Treasury Yield: 2022 Notes: 1.814%  
2027 Notes: 2.253%  
2047 Notes: 2.843%

Spread to Benchmark Treasury: 2022 Notes: +63 bps  
2027 Notes: +93 bps  
2047 Notes: +113 bps

Yield to Maturity: 2022 Notes: 2.444%  
2027 Notes: 3.183%  
2047 Notes: 3.973%

Coupon: 2022 Notes: 2.40%  
2027 Notes: 3.15%  
2047 Notes: 3.95%

Price to Public: 2022 Notes: 99.793% per 2022 Note  
2027 Notes: 99.719% per 2027 Note  
2047 Notes: 99.598% per 2047 Note

In each case, plus accrued interest, if any, from August 10, 2017.

Optional Redemption: Each series of Notes may be redeemed at any time before the applicable Par Call Date (as set forth in the table below), in whole or in part and from time to time, at a redemption price equal to the greater of (1) 100% of the principal amount of such Notes being redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest on such Notes being redeemed that would be due if such Notes matured on the applicable Par Call Date (exclusive of interest accrued to the redemption date), discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined in the Preliminary Prospectus Supplement plus a number of basis points equal to the applicable Make-Whole Spread (as set forth in the table below), plus, in each case, accrued and unpaid interest on the principal amount of such Notes being redeemed to, but excluding, such redemption date.

Each series of Notes may be redeemed at any time on or after the applicable Par Call Date, in whole or in part and from time to time, at a redemption price equal to 100% of the principal amount of such series of Notes being redeemed plus accrued and unpaid interest on the principal amount of such Notes being redeemed to, but excluding, such redemption date.

Series	Par Call Date	Make-Whole Spread
2022 Notes	July 15, 2022	10 bps
2027 Notes	May 15, 2027	15 bps
2047 Notes	February 15, 2047	20 bps

Denominations: \$2,000 or any integral multiple of \$1,000 in excess thereof

CUSIP / ISIN: 2022 Notes: 26441C AW5 / US26441CAW55  
2027 Notes: 26441C AX3 / US26441CAX39  
2047 Notes: 26441C AY1 / US26441CAY12

Notices to Investors:

The following notices to investors are in addition to the notices to investors set forth under "Underwriting" in the Preliminary Prospectus Supplement.

*Switzerland Selling Restrictions*

We have not and will not register with the Swiss Financial Market Supervisory Authority ("FINMA") as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended ("CISA"), and accordingly the securities being offered pursuant to the prospectus supplement and the accompanying prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the Notes have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the Notes offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The Notes may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended ("CISO"), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. The prospectus supplement and the accompanying prospectus and any other materials relating to the Notes are strictly personal and confidential to each offeree and do not constitute an offer to any other person. The prospectus supplement and the accompanying prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland or from Switzerland. The prospectus supplement and the accompanying prospectus do not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the securities on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in the prospectus supplement and the accompanying prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

Joint Book-Running Managers:

Barclays Capital Inc.  
Credit Suisse Securities (USA) LLC  
J.P. Morgan Securities LLC  
Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
MUFG Securities Americas Inc.

Senior Co-Manager:

Loop Capital Markets LLC

Co-Managers: BB&T Capital Markets, a division of BB&T Securities, LLC  
PNC Capital Markets LLC  
Regions Securities LLC  
Santander Investment Securities Inc.  
The Williams Capital Group, L.P.

Junior Co-Managers: Academy Securities, Inc.  
Blaylock Van, LLC  
CastleOak Securities, L.P.  
Samuel A. Ramirez & Company, Inc.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov).

Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Barclays Capital Inc. toll-free at (888) 603-5847, Credit Suisse Securities (USA) LLC toll-free at (800) 221-1037, J.P. Morgan Securities LLC collect at (212) 834-4533, Merrill Lynch, Pierce, Fenner & Smith Incorporated toll-free at (800) 294-1322, or MUFG Securities Americas Inc. toll-free at (877) 649-6848.

Schedule D

Credit Agreement, dated as of November 18, 2011, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as Borrowers, the lenders listed therein, Wells Fargo Bank, National Association, as Administrative Agent, Bank of America, N.A. and The Royal Bank of Scotland plc, as Co Syndication Agents and Bank of China, New York Branch, Barclays Bank PLC, Citibank, N.A., Credit Suisse AG, Cayman Islands Branch, Industrial and Commercial Bank of China Limited, New York Branch, JPMorgan Chase Bank, N.A. and UBS Securities LLC, as Co-Documentation Agents, as amended by Amendment No. 1 and Consent, dated as of December 18, 2013 and by Amendment No. 2 and Consent, dated as of January 30, 2015, each between Duke Energy Corporation, Duke Energy Carolinas, LLC., Duke Energy Ohio, Inc., Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc., Duke Energy Progress, Inc., Duke Energy Florida, Inc., the lenders party thereto, the issuing lenders party thereto and Wells Fargo Bank, National Association, and as further amended by Amendment No. 3 and Consent, dated as of March 16, 2017, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, LLC, Duke Energy Kentucky, Inc., Duke Energy Progress, LLC, Duke Energy Florida, LLC, and Piedmont Natural Gas Company, Inc., the lenders party thereto, the issuing lenders party thereto, and Wells Fargo Bank, National Association.



**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 18, 2017

<b>Commission file number</b>	<b>Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, and Telephone Number</b>	<b>IRS Employer Identification No.</b>
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**DUKE ENERGY CORPORATION**

(a Delaware corporation)  
550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

1-32853

20-2777218



Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number	Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number
1-4928	<b>DUKE ENERGY CAROLINAS, LLC</b> (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853 56-0205520	1-1232	<b>DUKE ENERGY OHIO, INC.</b> (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853 31-0240030
1-3382	<b>DUKE ENERGY PROGRESS, LLC</b> (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-0165465	1-3543	<b>DUKE ENERGY INDIANA, LLC.</b> (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853 35-0594457
1-3274	<b>DUKE ENERGY FLORIDA, LLC</b> (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853 59-0247770	1-6196	<b>PIEDMONT NATURAL GAS COMPANY, INC.</b> (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120 56-556998

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02. Results of Operations and Financial Conditions.**

The information attached hereto as exhibit 99.1 provides supplemental financial information for Duke Energy Corporation and Subsidiary Registrants.

**Item 9.01. Financial Statements and Exhibits.**

(d) *Exhibits.*

99.1 Second Quarter 2017 Statistical Supplement

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**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrants have duly caused this report to be signed on their behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION  
DUKE ENERGY CAROLINAS, LLC  
DUKE ENERGY PROGRESS, LLC  
DUKE ENERGY FLORIDA, LLC  
DUKE ENERGY OHIO, INC.  
DUKE ENERGY INDIANA, LLC  
PIEDMONT NATURAL GAS COMPANY, INC.**

Date: August 18, 2017

By: /s/ William E. Currens Jr.  
Name: William E. Currens Jr.  
Title: Senior Vice President, Chief Accounting Officer and Controller

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**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
99.1	Second Quarter 2017 Statistical Supplement



## 2nd Quarter 2017 Statistical Supplement

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## Table of Contents

<u>Duke Energy Corporation (Unaudited)</u>	<u>Electric and Natural Gas Revenues by Customer Class</u>
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## Duke Energy and Piedmont Natural Gas

This Statistical Supplement includes results of Piedmont Natural Gas (Piedmont) subsequent to the acquisition on October 3, 2016, and should be read in conjunction with i) Duke Energy and Piedmont's combined Form 10-Q for the six months ended June 30, 2017, ii) Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2016, iii) Piedmont's Annual Report on Form 10-K for the year ended October 31, 2016, and iv) the transition report filed by Piedmont on Form 10-Q as of December 31, 2016, for the transition period from November 1, 2016 to December 31, 2016.

## Segment Change

Due to the Piedmont acquisition and the sale of International Energy in the fourth quarter of 2016, Duke Energy's segment structure has been realigned to include the following segments: Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables. The remainder of Duke Energy's operations is presented as Other. Other now includes the results of National Methanol Company (NMC), previously included in the International Energy segment.

Prior periods have been recast to conform to the current segment structure.

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DUKE ENERGY CORPORATION  
Consolidating Statements of Operations  
(Unaudited)

(in millions)	Six Months Ended June 30, 2017					
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations / Adjustments	Duke Energy
<b>Operating Revenues</b>						
Regulated electric	\$ 10,105	\$ —	\$ —	\$ —	(74)	\$ 10,031
Regulated natural gas	—	966	—	—	(45)	921
Nonregulated electric and other	—	5	238	68	21	332
Total operating revenues	10,105	971	238	68	(98)	11,284
<b>Operating Expenses</b>						
Fuel used in electric generation and purchased power	3,003	—	—	29	(42)	2,990
Cost of natural gas	—	334	—	—	—	334
Operation, maintenance and other	2,536	198	135	26	(55)	2,840
Depreciation and amortization	1,451	114	77	52	—	1,694
Property and other taxes	531	56	17	7	—	611
Impairment charges	2	—	—	7	—	9
Total operating expenses	7,523	702	229	121	(97)	8,478
Gains on Sales of Other Assets and Other, net	4	—	4	11	(1)	18
<b>Operating Income (Loss)</b>	<b>2,586</b>	<b>269</b>	<b>13</b>	<b>(42)</b>	<b>(2)</b>	<b>2,824</b>
<b>Other Income and Expenses</b>						
Equity in earnings (losses) of unconsolidated affiliates	1	36	(2)	30	—	65
Other income and expenses, net	154	2	—	19	(8)	167
Total Other Income and Expenses	155	38	(2)	49	(8)	232
<b>Interest Expense</b>	<b>620</b>	<b>52</b>	<b>42</b>	<b>273</b>	<b>(10)</b>	<b>977</b>
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	<b>2,121</b>	<b>255</b>	<b>(31)</b>	<b>(266)</b>	<b>—</b>	<b>2,079</b>
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	<b>757</b>	<b>95</b>	<b>(81)</b>	<b>(100)</b>	<b>—</b>	<b>671</b>
<b>Income (Loss) from Continuing Operations</b>	<b>1,364</b>	<b>160</b>	<b>50</b>	<b>(166)</b>	<b>—</b>	<b>1,408</b>
<b>Less: Net (Loss) Income Attributable to Noncontrolling Interest</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>5</b>	<b>—</b>	<b>4</b>
<b>Segment Income / Other Net Expense</b>	<b>\$ 1,364</b>	<b>\$ 160</b>	<b>\$ 51</b>	<b>\$ (171)</b>	<b>\$ —</b>	<b>\$ 1,404</b>
<b>Loss from Discontinued Operations, net of tax</b>						<b>(2)</b>
<b>Net Income Attributable to Duke Energy Corporation</b>						<b>\$ 1,402</b>
<b>Segment Income / Other Net Expense</b>	<b>\$ 1,364</b>	<b>\$ 160</b>	<b>\$ 51</b>	<b>\$ (171)</b>	<b>\$ —</b>	<b>\$ 1,404</b>
<b>Special Items</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>29</b>	<b>—</b>	<b>29</b>
<b>Adjusted Earnings<sup>(a)</sup></b>	<b>\$ 1,364</b>	<b>\$ 160</b>	<b>\$ 51</b>	<b>\$ (142)</b>	<b>\$ —</b>	<b>\$ 1,433</b>

(a) See page 16 for a detailed reconciliation of Segment Income / Other Net Expense to Adjusted Earnings.

DUKE ENERGY CORPORATION  
Consolidating Statements of Operations  
(Unaudited)

(in millions)	Six Months Ended June 30, 2016 <sup>(a)</sup>						
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	International Energy	Eliminations / Adjustments	Duke Energy
<b>Operating Revenues</b>							
Regulated electric	\$ 10,090	\$ —	\$ —	\$ —	\$ —	(72)	\$ 10,018
Regulated natural gas	—	269	—	—	—	(3)	266
Nonregulated electric and other	—	—	226	59	—	21	306
Total operating revenues	10,090	269	226	59	—	(54)	10,590
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	3,086	—	—	23	—	—	3,109
Cost of natural gas	—	58	—	—	—	—	58
Operation, maintenance and other	2,528	60	155	75	—	(51)	2,767
Depreciation and amortization	1,410	40	62	71	—	—	1,583
Property and other taxes	525	32	12	17	—	(1)	585
Impairment charges	3	—	—	2	—	(1)	4
Total operating expenses	7,552	190	229	188	—	(53)	8,106
Gains on Sales of Other Assets and Other, net	2	—	2	11	—	—	15
<b>Operating Income (Loss)</b>	2,540	79	(1)	(118)	—	(1)	2,499
<b>Other Income and Expenses</b>							
Equity in earnings (losses) of unconsolidated affiliates	1	6	(2)	19	—	(1)	23
Other income and expenses, net	139	—	—	17	—	(5)	151
Total other income and expenses	140	6	(2)	36	—	(6)	174
Interest Expense <sup>(b)</sup>	542	13	23	396	—	(7)	967
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	2,138	72	(26)	(478)	—	—	1,706
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	770	24	(62)	(227)	—	—	505
<b>Income (Loss) from Continuing Operations</b>	1,368	48	36	(251)	—	—	1,201
Less: Net (Loss) Income Attributable to Noncontrolling Interest	—	—	(1)	4	—	—	3
<b>Segment Income / Other Net Expense</b>	\$ 1,368	\$ 48	\$ 37	\$ (255)	\$ —	\$ —	\$ 1,198
<b>Income from Discontinued Operations, net of tax</b>							<b>5</b>
<b>Net Income Attributable to Duke Energy Corporation</b>							<b>\$ 1,203</b>
<b>Segment Income / Other Net Expense</b>	\$ 1,368	\$ 48	\$ 37	\$ (255)	\$ —	\$ —	\$ 1,198
<b>Special Items<sup>(c)</sup></b>	—	—	—	170	148	—	318
<b>Adjusted Earnings<sup>(d)</sup></b>	\$ 1,368	\$ 48	\$ 37	\$ (85)	\$ 148	\$ —	\$ 1,516

- (a) Amounts have been recast to conform to the current segment structure.  
(b) Other includes \$183 million related to Piedmont acquisition financing, primarily due to losses on forward-starting interest rate swaps.  
(c) International Energy amount represents the operating results of the International Disposal Group classified as discontinued operations.  
(d) See page 17 for a detailed reconciliation of Segment Income / Other Net Expense to Adjusted Earnings.



DUKE ENERGY CORPORATION  
Consolidating Balance Sheets - Assets  
(Unaudited)

June 30, 2017						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations / Adjustments	Duke Energy
<b>Current Assets</b>						
Cash and cash equivalents	\$ 60	\$ 15	\$ 8	\$ 215	\$ —	\$ 298
Receivables, net	380	65	10	43	—	498
Receivables of variable interest entities, net	1,854	—	26	—	—	1,880
Receivables from affiliated companies	36	16	1,148	350	(1,550)	—
Notes receivable from affiliated companies	84	22	—	1,098	(1,204)	—
Inventory	3,253	77	13	26	—	3,369
Regulatory assets	966	123	—	103	—	1,192
Other	263	89	102	20	(38)	436
<b>Total current assets</b>	<b>6,896</b>	<b>407</b>	<b>1,307</b>	<b>1,855</b>	<b>(2,792)</b>	<b>7,673</b>
<b>Property, Plant and Equipment</b>						
Cost	108,912	9,227	4,376	1,924	—	124,439
Accumulated depreciation and amortization	(36,688)	(2,133)	(648)	(1,054)	1	(40,522)
Generation facilities to be retired, net	487	—	—	—	—	487
<b>Net property, plant and equipment</b>	<b>72,711</b>	<b>7,094</b>	<b>3,728</b>	<b>870</b>	<b>1</b>	<b>84,404</b>
<b>Other Noncurrent Assets</b>						
Goodwill	17,379	1,924	122	—	—	19,425
Regulatory assets	11,586	742	—	480	—	12,808
Nuclear decommissioning trust funds	6,601	—	—	—	—	6,601
Investments in equity method unconsolidated affiliates	95	879	185	107	1	1,267
Investments and advances to (from) subsidiaries	237	6	8	55,009	(55,260)	—
Other	1,930	28	112	1,393	(637)	2,826
<b>Total other noncurrent assets</b>	<b>37,828</b>	<b>3,579</b>	<b>427</b>	<b>56,989</b>	<b>(55,896)</b>	<b>42,927</b>
<b>Total Assets</b>	<b>117,435</b>	<b>11,080</b>	<b>5,462</b>	<b>59,714</b>	<b>(58,687)</b>	<b>135,004</b>
Segment reclassifications, intercompany balances and other	(426)	(7)	(1,156)	(57,279)	58,868	—
<b>Segment Assets</b>	<b>\$ 117,009</b>	<b>\$ 11,073</b>	<b>\$ 4,306</b>	<b>\$ 2,435</b>	<b>\$ 181</b>	<b>\$ 135,004</b>

DUKE ENERGY CORPORATION  
Consolidating Balance Sheets - Liabilities and Equity  
(Unaudited)

	June 30, 2017					
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations / Adjustments	Duke Energy
<b>Current Liabilities</b>						
Accounts payable	\$ 1,644	\$ 185	\$ 20	\$ 328	\$ —	\$ 2,177
Accounts payable to affiliated companies	365	68	8	1,085	(1,526)	—
Notes payable to affiliated companies	996	167	—	51	(1,214)	—
Notes payable and commercial paper	—	—	—	3,487	1	3,488
Taxes accrued	460	31	(309)	250	—	432
Interest accrued	336	35	—	135	—	506
Current maturities of long-term debt	1,831	35	157	1,449	—	3,472
Asset retirement obligations	397	—	—	—	—	397
Regulatory liabilities	281	—	—	5	—	286
Other	1,234	72	48	407	(53)	1,708
<b>Total current liabilities</b>	<b>7,544</b>	<b>593</b>	<b>(76)</b>	<b>7,197</b>	<b>(2,792)</b>	<b>12,466</b>
<b>Long-Term Debt</b>	<b>28,046</b>	<b>2,559</b>	<b>1,557</b>	<b>13,881</b>	<b>—</b>	<b>46,043</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>618</b>	<b>7</b>	<b>9</b>	<b>—</b>	<b>(634)</b>	<b>—</b>
<b>Other Noncurrent Liabilities</b>						
Deferred income taxes	16,259	1,526	342	(3,432)	—	14,695
Asset retirement obligations	10,033	43	88	1	—	10,165
Regulatory liabilities	6,271	750	—	28	(1)	7,048
Accrued pension and other post-retirement benefit costs	720	31	—	357	—	1,108
Investment tax credits	531	3	—	—	—	534
Other	831	223	269	328	—	1,651
<b>Total other noncurrent liabilities</b>	<b>34,645</b>	<b>2,576</b>	<b>699</b>	<b>(2,718)</b>	<b>(1)</b>	<b>35,201</b>
<b>Equity</b>						
Total Duke Energy Corporation stockholders' equity	46,582	5,345	3,255	41,362	(55,260)	41,284
Noncontrolling interests	—	—	18	(8)	—	10
<b>Total equity</b>	<b>46,582</b>	<b>5,345</b>	<b>3,273</b>	<b>41,354</b>	<b>(55,260)</b>	<b>41,294</b>
<b>Total Liabilities and Equity</b>	<b>117,435</b>	<b>11,080</b>	<b>5,462</b>	<b>59,714</b>	<b>(58,687)</b>	<b>135,004</b>
Segment reclassifications, intercompany balances and other	(426)	(7)	(1,156)	(57,279)	58,868	—
<b>Segment Liabilities and Equity</b>	<b>\$ 117,009</b>	<b>\$ 11,073</b>	<b>\$ 4,306</b>	<b>\$ 2,435</b>	<b>\$ 181</b>	<b>\$ 135,004</b>

**ELECTRIC UTILITIES AND INFRASTRUCTURE**  
**Consolidating Segment Income**  
(Unaudited)

(in millions)	Six Months Ended June 30, 2017							
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments	Electric Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 3,445	\$ 2,418	\$ 2,150	\$ 665	\$ 1,500	\$ —	\$ (73)	\$ 10,105
<b>Operating Expenses</b>								
Fuel used in electric generation and purchased power	863	739	817	183	485	—	(84)	3,003
Operation, maintenance and other	932	668	386	188	362	1	(1)	2,536
Depreciation and amortization	523	354	269	88	216	—	1	1,451
Property and other taxes	139	80	166	109	37	—	—	531
Impairment charges	—	—	2	1	(1)	—	—	2
Total operating expenses	2,457	1,841	1,640	569	1,099	1	(84)	7,523
<b>Gains on Sales of Other Assets and Other, net</b>	—	3	—	1	—	—	—	4
<b>Operating Income (Loss)</b>	988	580	510	97	401	(1)	11	2,586
<b>Other Income and Expenses, net<sup>(b)</sup></b>	73	33	30	6	18	2	(7)	155
<b>Interest Expense</b>	206	152	140	31	88	—	3	620
<b>Income Before Income Taxes</b>	855	461	400	72	331	1	1	2,121
<b>Income Tax Expense</b>	300	153	147	26	131	—	—	757
<b>Segment Income</b>	\$ 555	\$ 308	\$ 253	\$ 46	\$ 200	\$ 1	\$ 1	\$ 1,364

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes an equity component of allowance for funds used during construction of \$59 million for Duke Energy Carolinas, \$26 million for Duke Energy Progress, \$22 million for Duke Energy Florida, \$4 million for Duke Energy Ohio, and \$12 million for Duke Energy Indiana.

ELECTRIC UTILITIES AND INFRASTRUCTURE  
Consolidating Segment Income  
(Unaudited)

(In millions)	Six Months Ended June 30, 2016 <sup>(a)</sup>							
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(b)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations / Adjustments	Electric Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 3,416	\$ 2,520	\$ 2,157	\$ 663	\$ 1,416	\$ —	\$ (82)	\$ 10,090
<b>Operating Expenses</b>								
Fuel used in electric generation and purchased power	810	872	841	211	448	—	(96)	3,086
Operation, maintenance and other	946	684	391	161	342	2	2	2,528
Depreciation and amortization	523	346	235	85	221	—	—	1,410
Property and other taxes	138	80	159	103	44	—	1	525
Impairment charges	—	—	3	—	—	—	—	3
Total operating expenses	2,417	1,982	1,629	560	1,055	2	(93)	7,552
Gains on Sales of Other Assets and Other, net	—	1	—	—	—	—	1	2
<b>Operating Income (Loss)</b>	999	539	528	103	361	(2)	12	2,540
<b>Other Income and Expenses, net<sup>(c)</sup></b>	82	29	18	2	9	2	(2)	140
<b>Interest Expense</b>	214	127	81	27	90	—	3	542
<b>Income Before Income Taxes</b>	867	441	465	78	280	—	7	2,138
<b>Income Tax Expense</b>	301	157	175	23	93	—	21	770
<b>Segment Income</b>	\$ 566	\$ 284	\$ 290	\$ 55	\$ 187	\$ —	\$ (14)	\$ 1,368

- (a) Amounts have been recast to conform to the current segment structure.  
(b) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.  
(c) Includes an equity component of allowance for funds used during construction of \$48 million for Duke Energy Carolinas, \$20 million for Duke Energy Progress, \$9 million for Duke Energy Florida, \$2 million for Duke Energy Ohio, and \$7 million for Duke Energy Indiana.

ELECTRIC UTILITIES AND INFRASTRUCTURE  
Consolidating Balance Sheets - Assets  
(Unaudited)

(in millions)	June 30, 2017							
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure
<b>Current Assets</b>								
Cash and cash equivalents	\$ 16	\$ 12	\$ 8	\$ 7	\$ 17	\$ —	\$ —	\$ 60
Receivables, net	165	32	61	74	45	—	3	380
Receivables of variable interest entities, net	611	422	354	—	—	—	467	1,854
Receivables from affiliated companies	85	5	1	43	87	2	(187)	36
Notes receivable from affiliated companies	—	—	230	38	19	—	(203)	84
Inventory	1,066	1,053	568	95	470	—	1	3,253
Regulatory assets	249	212	321	6	159	—	19	966
Other	34	73	50	17	88	—	1	263
<b>Total current assets</b>	<b>2,226</b>	<b>1,809</b>	<b>1,593</b>	<b>280</b>	<b>885</b>	<b>2</b>	<b>101</b>	<b>6,896</b>
<b>Property, Plant and Equipment</b>								
Cost	41,881	28,936	17,369	5,550	14,573	4	599	108,912
Accumulated depreciation and amortization	(14,632)	(10,734)	(4,910)	(1,918)	(4,484)	(1)	(9)	(36,688)
Generation facilities to be retired, net	—	487	—	—	—	—	—	487
<b>Net property, plant and equipment</b>	<b>27,249</b>	<b>18,689</b>	<b>12,459</b>	<b>3,632</b>	<b>10,089</b>	<b>3</b>	<b>590</b>	<b>72,711</b>
<b>Other Noncurrent Assets</b>								
Goodwill	—	—	—	596	—	—	16,783	17,379
Regulatory assets	3,060	3,379	2,474	357	1,100	—	1,216	11,586
Nuclear decommissioning trust funds	3,499	2,380	723	—	—	—	(1)	6,601
Investments in equity method unconsolidated affiliates	—	—	—	—	—	94	1	95
Investments and advances to (from) subsidiaries	47	11	3	173	3	—	—	237
Other	929	536	279	17	159	—	10	1,930
<b>Total other noncurrent assets</b>	<b>7,535</b>	<b>6,306</b>	<b>3,479</b>	<b>1,143</b>	<b>1,262</b>	<b>94</b>	<b>18,009</b>	<b>37,828</b>
<b>Total Assets</b>	<b>37,010</b>	<b>26,804</b>	<b>17,531</b>	<b>5,055</b>	<b>12,236</b>	<b>99</b>	<b>18,700</b>	<b>117,435</b>
Intercompany balances and other	(180)	(95)	(202)	(176)	(50)	(55)	332	(426)
<b>Reportable Segment Assets</b>	<b>\$ 36,830</b>	<b>\$ 26,709</b>	<b>\$ 17,329</b>	<b>\$ 4,879</b>	<b>\$ 12,186</b>	<b>\$ 44</b>	<b>\$ 19,032</b>	<b>\$ 117,009</b>

(a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

**ELECTRIC UTILITIES AND INFRASTRUCTURE**  
**Consolidating Balance Sheets - Liabilities and Equity**  
**(Unaudited)**

(in millions)	June 30, 2017							
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure
<b>Current Liabilities</b>								
Accounts payable	\$ 839	\$ 277	\$ 372	\$ 183	\$ 171	\$ —	\$ 2	\$ 1,644
Accounts payable to affiliated companies	127	169	42	10	50	55	(88)	365
Notes payable to affiliated companies	534	633	—	22	—	—	(193)	996
Taxes accrued	166	61	113	84	29	1	6	460
Interest accrued	104	101	58	15	59	—	(1)	336
Current maturities of long-term debt	704	203	819	1	3	—	101	1,831
Asset retirement obligations	227	170	—	—	—	—	—	397
Regulatory liabilities	115	113	7	10	36	—	—	281
Other	409	308	323	74	122	—	(2)	1,234
<b>Total current liabilities</b>	<b>3,025</b>	<b>2,035</b>	<b>1,734</b>	<b>399</b>	<b>470</b>	<b>56</b>	<b>(175)</b>	<b>7,544</b>
<b>Long-Term Debt</b>	<b>8,520</b>	<b>6,407</b>	<b>6,160</b>	<b>1,490</b>	<b>3,631</b>	<b>—</b>	<b>1,838</b>	<b>28,046</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>300</b>	<b>150</b>	<b>—</b>	<b>18</b>	<b>150</b>	<b>—</b>	<b>—</b>	<b>618</b>
<b>Other Noncurrent Liabilities</b>								
Deferred income taxes	6,786	3,546	2,895	1,005	2,013	4	10	16,259
Asset retirement obligations	3,844	4,520	768	46	865	—	190	10,033
Regulatory liabilities	2,885	2,048	462	131	745	—	—	6,271
Accrued pension and other post-retirement benefit costs	103	246	258	36	77	—	—	720
Investment tax credits	235	145	3	1	148	—	(1)	531
Other	573	48	99	93	23	—	(5)	831
<b>Total other noncurrent liabilities</b>	<b>14,226</b>	<b>10,553</b>	<b>4,485</b>	<b>1,312</b>	<b>3,871</b>	<b>4</b>	<b>194</b>	<b>34,645</b>
<b>Equity</b>	<b>10,939</b>	<b>7,659</b>	<b>5,152</b>	<b>1,836</b>	<b>4,114</b>	<b>39</b>	<b>16,643</b>	<b>46,582</b>
<b>Total Liabilities and Equity</b>	<b>37,010</b>	<b>26,804</b>	<b>17,531</b>	<b>5,055</b>	<b>12,236</b>	<b>99</b>	<b>18,700</b>	<b>117,435</b>
Intercompany balances and other	(180)	(95)	(202)	(176)	(50)	(55)	332	(426)
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 36,830</b>	<b>\$ 26,709</b>	<b>\$ 17,329</b>	<b>\$ 4,879</b>	<b>\$ 12,186</b>	<b>\$ 44</b>	<b>\$ 19,032</b>	<b>\$ 117,009</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**GAS UTILITIES AND INFRASTRUCTURE**  
**Consolidating Segment Income**  
(Unaudited)

(in millions)	Six Months Ended June 30, 2017				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage <sup>(b)</sup>	Eliminations/ Adjustments	Gas Utilities and Infrastructure
<b>Operating Revenues</b>					
Regulated natural gas	\$ 270	\$ 696	\$ —	\$ —	\$ 966
Nonregulated natural gas and other	—	5	—	—	5
<b>Operating Revenues</b>	<b>270</b>	<b>701</b>	<b>—</b>	<b>—</b>	<b>971</b>
<b>Operating Expenses</b>					
Cost of natural gas	64	270	—	—	334
Operation, maintenance and other	57	141	2	(2)	198
Depreciation and amortization	42	71	—	1	114
Property and other taxes	31	25	—	—	56
Total operating expenses	194	507	2	(1)	702
<b>Operating Income (Loss)</b>	<b>76</b>	<b>194</b>	<b>(2)</b>	<b>1</b>	<b>269</b>
<b>Other Income and Expenses</b>					
Equity in earnings of unconsolidated affiliates	—	—	36	—	36
Other income and expenses, net	2	—	—	—	2
Total other income and expenses	2	—	36	—	38
<b>Interest Expense</b>	<b>13</b>	<b>38</b>	<b>—</b>	<b>1</b>	<b>52</b>
<b>Income Before Income Taxes</b>	<b>65</b>	<b>156</b>	<b>34</b>	<b>—</b>	<b>255</b>
<b>Income Tax Expense</b>	<b>23</b>	<b>59</b>	<b>13</b>	<b>—</b>	<b>95</b>
<b>Segment Income</b>	<b>\$ 42</b>	<b>\$ 97</b>	<b>\$ 21</b>	<b>\$ —</b>	<b>\$ 160</b>

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes earnings from investments in ACP, Sabal Trail, Constitution and Cardinal pipelines, as well as Hardy and Pine Needle storage facilities.

**GAS UTILITIES AND INFRASTRUCTURE**  
**Consolidating Segment Income**  
(Unaudited)

(in millions)	Six Months Ended June 30, 2016			
	Duke Energy Ohio <sup>(a)</sup>	Midstream Pipelines	Eliminations/ Adjustments	Gas Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 269	\$ —	\$ —	\$ 269
<b>Operating Expenses</b>				
Cost of natural gas	58	—	—	58
Operation, maintenance and other	59	1	—	60
Depreciation and amortization	40	—	—	40
Property and other taxes	32	—	—	32
Total operating expenses	189	1	—	190
<b>Operating Income (Loss)</b>	80	(1)	—	79
<b>Other Income and Expenses, net</b>	—	6	—	6
<b>Interest Expense</b>	13	—	—	13
<b>Income Before Income Taxes</b>	67	5	—	72
<b>Income Tax Expense</b>	22	2	—	24
<b>Segment Income</b>	\$ 45	\$ 3	\$ —	\$ 48

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.



**GAS UTILITIES AND INFRASTRUCTURE**  
**Consolidating Balance Sheets - Assets**  
**(Unaudited)**

(In millions)	June 30, 2017				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2	\$ 13	\$ —	\$ —	\$ 15
Receivables, net	(15)	80	—	—	65
Receivables from affiliated companies	16	53	—	(53)	16
Notes receivable from affiliated companies	25	—	—	(3)	22
Inventory	39	38	—	—	77
Regulatory assets	4	119	—	—	123
Other	(1)	88	—	2	89
<b>Total current assets</b>	<b>70</b>	<b>391</b>	<b>—</b>	<b>(54)</b>	<b>407</b>
<b>Property, Plant and Equipment</b>					
Cost	2,797	6,430	—	—	9,227
Accumulated depreciation and amortization	(708)	(1,425)	—	—	(2,133)
<b>Net property, plant and equipment</b>	<b>2,089</b>	<b>5,005</b>	<b>—</b>	<b>—</b>	<b>7,094</b>
<b>Other Noncurrent Assets</b>					
Goodwill	324	49	—	1,551	1,924
Regulatory assets	195	345	—	202	742
Investments in equity method unconsolidated affiliates	—	—	879	—	879
Investments and advances from subsidiaries	—	—	—	6	6
Other	3	13	13	(1)	28
<b>Total other noncurrent assets</b>	<b>522</b>	<b>407</b>	<b>892</b>	<b>1,758</b>	<b>3,579</b>
<b>Total Assets</b>	<b>2,681</b>	<b>5,803</b>	<b>892</b>	<b>1,704</b>	<b>11,080</b>
Intercompany balances and other	(9)	(68)	(26)	96	(7)
<b>Reportable Segment Assets</b>	<b>\$ 2,672</b>	<b>\$ 5,735</b>	<b>\$ 866</b>	<b>\$ 1,800</b>	<b>\$ 11,073</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**GAS UTILITIES AND INFRASTRUCTURE**  
**Consolidating Balance Sheets - Liabilities and Equity**  
**(Unaudited)**

(in millions)	June 30, 2017				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Liabilities</b>					
Accounts payable	\$ 80	\$ 105	\$ —	\$ —	\$ 185
Accounts payable to affiliated companies	—	57	63	(52)	68
Notes payable to affiliated companies	2	167	—	(2)	167
Taxes accrued	(9)	6	34	—	31
Interest accrued	5	30	—	—	35
Current maturities of long-term debt	—	35	—	—	35
Regulatory liabilities	7	(6)	—	(1)	—
Other	4	69	—	(1)	72
<b>Total current liabilities</b>	<b>89</b>	<b>463</b>	<b>97</b>	<b>(56)</b>	<b>593</b>
<b>Long-Term Debt</b>	<b>461</b>	<b>1,911</b>	<b>—</b>	<b>187</b>	<b>2,559</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7</b>
<b>Other Noncurrent Liabilities</b>					
Deferred income taxes	495	992	40	(1)	1,526
Asset retirement obligations	29	15	—	(1)	43
Regulatory liabilities	109	625	—	16	750
Accrued pension and other post-retirement benefit costs	17	14	—	—	31
Investment tax credits	2	1	—	—	3
Other	61	162	—	—	223
<b>Total other noncurrent liabilities</b>	<b>713</b>	<b>1,809</b>	<b>40</b>	<b>14</b>	<b>2,576</b>
<b>Equity</b>	<b>1,411</b>	<b>1,620</b>	<b>755</b>	<b>1,559</b>	<b>5,345</b>
<b>Total Liabilities and Equity</b>	<b>2,681</b>	<b>5,803</b>	<b>892</b>	<b>1,704</b>	<b>11,080</b>
Intercompany balances and other	(9)	(68)	(26)	96	(7)
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 2,672</b>	<b>\$ 5,735</b>	<b>\$ 866</b>	<b>\$ 1,794</b>	<b>\$ 11,073</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

Revenues By Customer Class  
(Unaudited)

(in millions)	Six Months Ended June 30, 2017							Eliminations / Adjustments	Total
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Piedmont Natural Gas			
<b>Regulated Electric Revenues</b>									
Residential	\$ 1,302	\$ 846	\$ 1,103	\$ 348	\$ 497	\$ —	\$ —	\$ —	\$ 4,096
General service	1,029	594	665	211	372	—	—	—	2,871
Industrial	562	299	125	59	381	—	—	—	1,426
Wholesale	230	544	74	13	155	—	—	—	1,016
Change in unbilled	(4)	(5)	36	(5)	(6)	—	—	—	16
Other revenues	326	140	147	39	101	—	(73)	—	680
<b>Total Electric Revenues</b>	<b>\$ 3,445</b>	<b>\$ 2,418</b>	<b>\$ 2,150</b>	<b>\$ 665</b>	<b>\$ 1,500</b>	<b>\$ —</b>	<b>\$ (73)</b>	<b>\$ —</b>	<b>\$ 10,105</b>
<b>Regulated Natural Gas Revenues</b>									
Residential	\$ —	\$ —	\$ —	\$ 191	\$ —	\$ 398	\$ —	\$ —	\$ 589
Commercial	—	—	—	78	—	215	—	—	293
Industrial	—	—	—	11	—	68	—	—	79
Power Generation	—	—	—	—	—	40	—	—	40
Change in unbilled	—	—	—	(22)	—	(75)	—	—	(97)
Other revenues	—	—	—	12	—	50	—	—	62
<b>Total Natural Gas Revenues</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 270</b>	<b>\$ —</b>	<b>\$ 696</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 966</b>

(in millions)	Six Months Ended June 30, 2016						Eliminations / Adjustments	Total
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana			
<b>Regulated Electric Revenues</b>								
Residential	\$ 1,398	\$ 900	\$ 1,100	\$ 356	\$ 476	\$ —	\$ —	\$ 4,230
General service	1,071	622	642	215	344	—	—	2,894
Industrial	604	303	123	59	349	—	—	1,438
Wholesale	217	593	104	9	171	—	—	1,094
Change in unbilled	73	20	35	8	13	—	—	149
Other revenues	53	82	153	16	63	—	(82)	285
<b>Total Electric Revenues</b>	<b>\$ 3,416</b>	<b>\$ 2,520</b>	<b>\$ 2,157</b>	<b>\$ 663</b>	<b>\$ 1,416</b>	<b>\$ —</b>	<b>\$ (82)</b>	<b>\$ 10,090</b>
<b>Regulated Natural Gas Revenues</b>								
Residential	\$ —	\$ —	\$ —	\$ 183	\$ —	\$ —	\$ —	\$ 183
Commercial	—	—	—	75	—	—	—	75
Industrial	—	—	—	10	—	—	—	10
Change in unbilled	—	—	—	(9)	—	—	—	(9)
Other revenues	—	—	—	10	—	—	—	10
<b>Total Natural Gas Revenues</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 269</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 269</b>

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Six Months Ended June 30, 2017**  
(Dollars in millions, except per share amounts)

	Reported Earnings	Special Item Costs to Achieve Piedmont Merger	Discontinued Operations	Total Adjustments	Adjusted Earnings
<b>SEGMENT INCOME</b>					
Electric Utilities and Infrastructure	\$ 1,364	\$ —	\$ —	\$ —	\$ 1,364
Gas Utilities and Infrastructure	160	—	—	—	160
Commercial Renewables	51	—	—	—	51
Total Reportable Segment Income	1,575	—	—	—	1,575
Other	(171)	29 A	—	29	(142)
Discontinued Operations	(2)	—	2 B	2	—
Net Income Attributable to Duke Energy Corporation	\$ 1,402	\$ 29	\$ 2	\$ 31	\$ 1,433
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 2.00</b>	<b>\$ 0.05</b>	<b>\$ —</b>	<b>\$ 0.05</b>	<b>\$ 2.05</b>

A - Net of \$17 million tax benefit. \$45 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

B - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

Weighted Average Shares, Diluted (reported and adjusted) - 700 million

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Six Months Ended June 30, 2016  
(Dollars in millions, except per share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	International Energy Operations			
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 1,368	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,368
Gas Utilities and Infrastructure	48	—	—	—	—	—	48
Commercial Renewables	37	—	—	—	—	—	37
<b>Total Reportable Segment Income</b>	<b>1,453</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,453</b>
International Energy	—	—	—	148 C	—	148	148
Other	(255)	143 A	27 B	—	—	170	(85)
Discontinued Operations	5	—	—	(148) C	143 D	(5)	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 1,203</b>	<b>\$ 143</b>	<b>\$ 27</b>	<b>\$ —</b>	<b>\$ 143</b>	<b>\$ 313</b>	<b>\$ 1,516</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.74</b>	<b>\$ 0.21</b>	<b>\$ 0.04</b>	<b>\$ —</b>	<b>\$ 0.21</b>	<b>\$ 0.46</b>	<b>\$ 2.20</b>

A - Net of \$88 million tax benefit. Includes \$1 million recorded within Operating Revenues, \$47 million recorded within Operating Expenses and \$183 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

B - Net of \$17 million tax benefit. Consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

C - Includes \$4 million tax benefit. Operating results of the International Disposal Group, which exclude the impairment described below, recorded within Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

D - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations. Includes an impairment charge related to certain assets in Central America.

Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 689 million

**DUKE ENERGY CORPORATION**  
**Non-GAAP Financial Measures**

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted EPS.

Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per share impact of special items. As discussed below, special items represent certain charges and credits which management believes are not indicative of Duke Energy's ongoing performance. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them with 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 financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. 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 stockholders, respectively.

Special items included in the periods presented include the following items which management believes do not reflect ongoing costs:

- Costs to Achieve Mergers represent charges resulting from strategic acquisitions.
- Cost Savings Initiatives represents severance charges related to company-wide initiatives, excluding merger integration, to standardize processes and systems, leverage technology and workforce optimization.

Adjusted earnings also include operating results of the International Disposal Group, which have been classified as discontinued operations. Management believes inclusion of the operating results of the Disposal Group within adjusted earnings and adjusted diluted EPS results in a better reflection of Duke Energy's financial performance during the period.

Due to the forward-looking nature of any forecasted adjusted earnings guidance, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods (such as legal settlements, the impact of regulatory orders, or asset impairments).

Management evaluates segment performance based on segment income and other net expense. Segment income is defined as income from continuing operations attributable to Duke Energy. Segment income includes intercompany revenues and expenses that are eliminated in the Consolidated Financial Statements. Management also uses adjusted segment income as a measure of historical and anticipated future segment performance. Adjusted segment income is a non-GAAP financial measure, as it is based upon segment income adjusted for special items, which are discussed above. Management believes the presentation of adjusted segment income provides useful information to investors, as it provides them with an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment income or adjusted other net expense is segment income and other net expense.

Due to the forward-looking nature of any forecasted adjusted segment income or adjusted other net expense and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to forecast all special items, as discussed above.

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

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

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Date of Report (Date of earliest event reported): August 24, 2017

Commission file  
number

Registrant, State of Incorporation or Organization,  
Address of Principal Executive Offices, and Telephone Number

IRS Employer  
Identification No.

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1-32853



**DUKE ENERGY CORPORATION**

20-2777218

(a Delaware corporation)

550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§230.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

On August 24, 2017, director Michael J. Angelakis notified Duke Energy Corporation (the "Corporation") that effective August 25, 2017, he would resign from the Corporation's Board of Directors due to increased external business commitments. Mr. Angelakis' resignation was not the result of any disagreement with the Corporation on any matter relating to the operation, policies or practices of the Corporation.



**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION**

Date: August 24, 2017

Name: /s/ Julia S. Janson  
Julia S. Janson  
Title: Executive Vice President, Executive Affairs, Chief Legal Officer  
and Corporate Secretary

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): August 25, 2017

<b>Commission file number</b>	<b>Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, and Telephone Number</b>	<b>IRS Employer Identification No.</b>
1-32853	 <b>DUKE ENERGY CORPORATION</b> (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218
1-4928	<b>DUKE ENERGY CAROLINAS, LLC</b> (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853	56-0205520

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 8.01. Other Events.**

On August 25, 2017, Duke Energy Carolinas, LLC (“Duke Energy Carolinas”) filed a rate case with the North Carolina Utilities Commission (the “NCUC”) to request an average 13.6% increase in retail revenues, or approximately \$647 million, with an overall rate of return of approximately 7.93% based on approval of a 10.75% return on equity and a 53% equity component of the capital structure. The request is premised upon a North Carolina rate base of \$13.8 billion as of December 31, 2016, and adjusted for known and measurable changes through November 2017.

While a procedural schedule has not yet been established by the NCUC, hearings are expected to commence in early 2018. Duke Energy Carolinas has requested the NCUC approve the requested rates to be effective on April 1, 2018, but no later than May 1, 2018.

An overview providing additional detail on the filing is attached to this Form 8-K as Exhibit 99.1.

**Item 9.01. Financial Statements and Exhibits.**

*(d) Exhibits.*

99.1 Duke Energy Carolinas Summary of 2017 Rate Case Filing in North Carolina

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION**

Date: August 25, 2017

By: /s/ Julia S. Janson  
Name: Julia S. Janson  
Title: Executive Vice President, Executive Affairs, Chief Legal Officer and Corporate Secretary

**DUKE ENERGY CAROLINAS, LLC**

Date: August 25, 2017

By: /s/ Julia S. Janson  
Name: Julia S. Janson  
Title: Executive Vice President, Executive Affairs, Chief Legal Officer and Secretary

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	Duke Energy Carolinas Summary of 2017 Rate Case Filing in North Carolina

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Exhibit 99.1

**Duke Energy Carolinas**  
**Summary of 2017 Rate Case Filing in North Carolina**  
**(Docket E-7 Sub 1146)**

- **On August 25, 2017, Duke Energy Carolinas filed a rate case with the North Carolina Utilities Commission (NCUC) to request an average 13.6 percent increase in retail revenues, or approximately \$647 million:**
  - The rate case filing requests an overall rate of return of 7.93% based on approval of a 10.75% return on equity and a 53% equity component of the capital structure
  - The filing is based on a North Carolina rate base of \$13.8 billion as of December 31, 2016 and adjusted for known and measurable changes through November 2017 (hearings are expected to commence early next year)

- **This rate increase request is driven by:**

Drivers	Revenue Requirement	% of Total Request
Significant Plant Additions and Changes	\$ 381 million	59%
Coal Ash Pond Closure costs	\$ 336 million	52%
All other changes to rate base, operating costs, and operating revenues (primarily lower NC tax rate and lower cost of debt)	\$ (106) million	(17)%
Grid Reliability and Resiliency Rider	\$ 36 million	6%

- **Major capital investments<sup>(1)</sup> including pro-forma adjustments to reflect known and measurable changes include:**
  - The new W.S. Lee Combined Cycle unit - \$557 million
  - Lee Nuclear Project development costs - \$527 million
  - Two new solar facilities - \$156 million
  - The Carolinas West Primary Control Center - \$120 million
  - Advanced Metering Infrastructure (AMI) - \$123 million
  - Relicensing 13 hydro facilities on the Catawba-Wateree river basins - \$109 million
- **Lee Nuclear Project cancellation**
  - Duke Energy Carolinas is requesting NCUC approval to cancel the development of the Lee Nuclear Project while maintaining the Combined License as an option for the future in case circumstances change
  - The associated revenue requirement is \$53 million to recover incurred project development expenses over a 12 year period, as permitted by statute
- **Coal Ash Pond Closure costs include:**
  - \$135 million to recover previously incurred expenses over a five year period
  - \$201 million for ongoing expenses
- **The Grid Reliability and Resiliency Rider includes:**
  - Duke Energy Carolinas has requested a new Grid Reliability and Resiliency Rider to recover grid modernization costs.

(1) Represents Duke Energy Carolinas total investment, which is allocated ~67% to NC.

- The Grid Reliability and Resiliency Rider revenue requirement reflects:
    - \$309 million of capital investment in 2018 for NC Retail customers
    - \$20 million for Operating & Maintenance expense related to these investments
  - The Company has requested the NCUC approve the requested rates to be effective on April 1, 2018 but no later than May 1, 2018.
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**  
**CURRENT REPORT**  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

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Date of Report (Date of earliest event reported): August 29, 2017

Commission file  
number

Registrant, State of Incorporation or Organization,  
Address of Principal Executive Offices, and Telephone Number

IRS Employer  
Identification No.

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1-32853

**DUKE ENERGY CORPORATION**

20-2777218

(a Delaware corporation)  
550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

1-3274

**DUKE ENERGY FLORIDA, LLC**

59-0247770

(a Florida limited liability company)  
299 First Avenue North  
St. Petersburg, Florida 33701  
704-382-3853

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§230.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.06. Material Impairments.**

On August 29, 2017, Duke Energy Florida, LLC (“DEF”), a wholly owned subsidiary of Duke Energy Corporation (the “Corporation”), filed a Second Revised and Restated Settlement Agreement (the “2017 Settlement”) with the Florida Public Service Commission (“FPSC”). The 2017 Settlement replaces and supplants the previous Revised and Restated Stipulation and Settlement Agreement dated July 31, 2013, that was approved by the FPSC in November 2013 (the “2013 Settlement”).

Parties to the 2017 Settlement include DEF, the Office of Public Counsel, the Florida Industrial Power Users Group, the Florida Retail Federation, White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate, and Southern Alliance for Clean Energy.

The 2017 Settlement extends the base rate case stay-out provision from the 2013 Settlement through the end of 2021; however, DEF is allowed a multi-year increase to its base rates of \$67 million per year in 2019, 2020 and 2021, as well as base rate increases for solar generation. The 2017 Settlement also contains provisions related to future investments in solar and renewable energy technology as well as the termination of the proposed Levy Nuclear Project.

In connection with terminating the proposed Levy Nuclear Project under the 2017 Agreement, DEF agreed to the following terms:

- Write off costs related to obtaining the Levy Nuclear Project combined operating license (“COL”), including allowance for funds used during construction; and
- In addition to the COL costs, write off all remaining but unrecovered Levy Nuclear Project costs, including the retail portion of the \$34.3 million fee (including interest) ordered by the trial court on December 22, 2016, in connection with the litigation between DEF and Westinghouse Electric Company regarding the termination costs associated with the cancellation by DEF of the Engineering, Procurement, and Construction contract associated with the Levy Nuclear Project (the “Westinghouse Contract Litigation”), as well as any potential adverse court rulings on the appeals in the Westinghouse Contract Litigation, for which DEF has not yet sought recovery.

As a result of such terms, the Corporation will take an estimated pre-tax impairment charge of approximately \$135 million in the third quarter of 2017 which will be treated as a special item and excluded from the Corporation’s adjusted diluted earnings per share results.

The 2017 Settlement is subject to the review and approval of the FPSC, which is expected by the end of 2017.

An overview providing additional detail on the 2017 Settlement is attached to this Form 8-K as Exhibit 99.1.

**Item 9.01. Financial Statement and Exhibits.**

(d) Exhibits.

99.1 Duke Energy Florida 2017 Settlement Agreement Summary

**SIGNATURE**

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION**

Date: August 29, 2017

By: /s/ Julia S. Janson  
Name: Julia S. Janson  
Title: Executive Vice President, Executive Affairs, Chief Legal Officer and  
Corporate Secretary

**Duke Energy Florida, LLC**

Date: August 29, 2017

By: /s/ Julia S. Janson  
Name: Julia S. Janson  
Title: Executive Vice President, Executive Affairs, Chief Legal Officer and  
Secretary

**EXHIBIT INDEX**

<u>Exhibit</u>	<u>Description</u>
99.1	Duke Energy Florida 2017 Settlement Agreement Summary
	4

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Exhibit 99.1

**Duke Energy Florida  
2017 Settlement Agreement Summary  
(Docket: TBD)**

**Summary**

On August 29, 2017, Duke Energy Florida (the "Company") filed a 2017 Second Revised and Restated Settlement Agreement ("2017 Settlement") dated August 29, 2017, with the Florida Public Service Commission ("FPSC"). The 2017 Settlement replaces and supplants the previous Revised and Restated Stipulation and Settlement Agreement ("2013 Settlement") dated August 1, 2013 that was approved by the FPSC in November 2013 (Docket No. 130208-ED). NOTE: This document contains a brief summary of the key provisions, but the specific terms and exhibits included in the 2017 Settlement Agreement govern and control.

Parties to the 2017 Settlement include the Company, the Office of Public Counsel, the Florida Industrial Power Users Group, the Florida Retail Federation, White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate, and Southern Alliance for Clean Energy.

The 2017 Settlement extends the base rate case stay-out provision from the 2013 Settlement through the end of 2021; however, DEF is allowed a multi-year increase to its base rates of \$67 million per year in 2019, 2020 and 2021, as well as base rate increases for solar generation. In addition to provisions contained in the 2013 Settlement related to the Crystal River 1 and 2 coal units ("CR1&2") and future generation needs in Florida, the 2017 Settlement contains provisions related to future investments in solar and renewable energy technology, impacts of potential tax reform, as well as the termination of the proposed Levy Nuclear Project.

The 2017 Settlement is subject to the review and approval of the FPSC, which is expected by the end of 2017.

**Summary of Key Provisions**

**Key Items Preserved from the 2013 Settlement**

- **CR 1&2**: There is no change from the 2013 Settlement. If DEF decides to retire CR1&2 in order to comply with environmental regulations, DEF is permitted to continue to recover normal annual depreciation expense for CR1&2 through the end of 2020 and recover any remaining net book value in 2021 (unless a different time period is accepted) through the Capacity Cost Recovery clause.
- **Generation Base Rate Adjustment (GBRA)**: There is no change from the 2013 Settlement. DEF is authorized to recover the cost of its new Citrus Combined Cycle unit through a GBRA in 2018.

**Levy Nuclear Project**

- DEF will not move forward with building the Levy nuclear plant.
- DEF will write off all costs related to obtaining the Levy COL, including AFUDC, and all remaining but unrecovered Levy Nuclear Project costs, including the retail portion of the Westinghouse termination fee described below.
  - As a result, Duke Energy will take an estimated pre-tax impairment charge of approximately \$135 million in Q3 2017 which will be treated as a "special item" (excluded from adjusted diluted earnings per share, or "EPS").
- DEF will also forgo seeking recovery of approximately \$15 million primarily related to previously expensed legal fees related to the Westinghouse Contract Litigation.
- DEF will absorb the cost of any potential adverse court rulings on the appeals in the Westinghouse Contract Litigation. The Westinghouse Contract Litigation is presently on appeal in the Fourth Circuit, with DEF appealing the court's award to Westinghouse of \$34.3 million (consisting of a \$30 million termination fee plus accrued interest) and Westinghouse appealing the court's award of \$0 on its \$482 million claim for termination costs.

**Base Rates**

- Base rates will be increased by an incremental \$67 million each year from 2019 through 2021, for a total of \$200 million by 2021.

- **Base Rate Freeze:** Except for the base rate increases described above and the solar base rate and tax reform adjustments described below, all other base rates will remain frozen through 2021 unless earnings are outside a 9.5% to 11.5% ROE band, in which case either party can request an amendment.
- **Tax Reform:**
  - If tax reform is enacted during the term of the settlement that results in a decrease in base revenue requirements, then DEF shall retain 40% of any impacts each year, up to \$50 million pre-tax, to accelerate the depreciation of Crystal River coal units 4 & 5.
    - All remaining impacts will be flowed back to customers through a one-time base rate decrease.
  - If tax reform results in an increase in base revenue requirements, then DEF shall defer those impacts to a regulatory asset to be addressed in base rates, with changes effective no earlier than January 2022.
  - Excess Deferred Taxes will be flowed back to customers over time either 1) consistent with the time period specified by the tax reform law, or 2) over 5 or 10 years, depending on whether the cumulative regulatory liability is below or above \$200 million, respectively.

#### **Solar Base Rate Adjustment**

- DEF will construct or acquire 700 MW of solar generation between 2018 and 2022, limited to a cumulative annual total of 350 MW by 2019, 525 MW by 2020, and 700 MW by 2022.
- Costs must be reasonable and are capped on a weighted average basis at \$1,650/kWac per filing.
- Beginning on or after January 2019, upon Commission approval and commercial operation of each plant, DEF will begin recovering the revenue requirements in base rates.
- An ROE of 10.5% will be used in the calculation of revenue requirements.

#### **Grid Modernization**

- The base rate increases, 2019 through 2021, will support approximately \$1.1 billion of grid modernization investments in DEF's service territory to enhance reliability, reduce outages, shorten restoration times, support the growth of renewable energy and emerging technologies, install advanced metering infrastructure and upgrade enterprise systems.

#### **Fuel**

- **Fuel:** DEF will recover its 2017 estimated under-recovered fuel costs of approximately \$196 million evenly over a two year period that begins in January 2018.  
**Fuel Hedging:** DEF will sign no new financial natural gas hedge contracts, nor will it recover costs of investments in oil and/or natural gas exploration and/or production effective 2018 through 2021.

#### **Other Items**

- **Battery Storage:** DEF may implement a 50 MW battery storage pilot program, with costs not to exceed \$2,300 per kWac, to be recovered in DEF's next base rate proceeding.
- **Electric Vehicle Charging Station Pilot Program**
  - DEF is authorized to strategically deploy a minimum of 530 charging stations (aka electric vehicle service equipment or "EVSE") at an investment of up to \$8 million.
  - All capital costs and operating expenses shall be deferred to a regulatory asset earning AFUDC.
  - DEF can request to begin recovering the regulatory asset over a four-year period after 2021.